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PART 17

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Confidential Filing

THE LONDON ECONOMIC
SUMMIT 9 - 10 JUNE 1984

ECONOMIC
POLICY

PART 1 : MAY 1979

PART 17 : 8 JUNE 84

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
4.6.84							
11.6.84							
12.6.84							
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19.11.84							
23.11.84							

PREM 19/12/11

PART

16

ends:-

RTA to AJC no 84/1667 of 7.6.84

PART

17

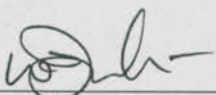
begins:-

E. Ransom to DB 8.6.84

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons HANSARD, 12 June 1984, column 764 to 777: London Economic Summit

Signed  Date 16/09/2013

PREM Records Team



Mr Powell. *AM* 1/12

Sir Crispin met Jha
on 19/11, and wrote to
Robert Anderson soon
after. He thought you
might like to see a
copy of his letter.

[Signature]
29/11

with compliments

SIR CRISPIN TICKELL
Permanent Secretary

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE, STAG PLACE,
LONDON SW1E 5DH

Telephone 01-213: 4819
or Switchboard 01-213:3000

Overseas Development Administration

Eland House

Stag Place London SW1E 5DH

Telephone 01-213: 4819
or Switchboard 01-213: 3000Sir Crispin Tickell KCVO
Permanent Secretary

23 November 1984

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
LONDON
SW1*Dear Robert,*

FOLLOW UP TO LONDON ECONOMIC SUMMIT

You will remember that before the London Economic Summit, the Indian Prime Minister sent round L K Jha as her special emissary to deliver a letter to the Prime Minister urging the restoration of vigour to the North/South dialogue, largely through the International Conference (John Cole's letter to Peter Ricketts). After the Summit, as you know, the Prime Minister sent me round to explain the results (my letter of 13 July to you with supporting telegrams). L K Jha was in London this week, and took the opportunity of calling on me to discuss how matters now stood. He emphasised that he had no specific mandate from either the new Indian Prime Minister or the Finance Minister, although he said that he had no reason to think that either thought differently from Mrs Gandhi. He will be putting his thoughts to them both soon.

Jha began by expressing disappointment at the outcome of the International Monetary Fund and World Bank meetings in Washington in September. Nonetheless he welcomed the joint meeting of the Interim and Development Committees arranged for April 1985. Bearing in mind the non-aligned call for some form of international conference, he felt that the main problem now was how to carry forward the process after April. In his view further meetings under Fund and Bank auspices were not sufficient; the issues went beyond their remit; the developing countries had great difficulty with the weighted voting procedures. He realised that the industrial countries would be reluctant to go for a conference sponsored by the United Nations, and wondered in what form we could accept a conference. If we could give this problem some

/thought

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thought now, the April meeting could prepare the ground for a conference.

Jha went on to argue that the time was ripe for an initiative of this kind. Under Egyptian chairmanship the G77 should be kept on moderate courses, but Rajiv Gandhi might find it less easy than his mother to restrain the extremists in the non-aligned movement. Rajiv Gandhi would almost certainly look to HMG for understanding and finesse in handling the problem, and hope that after the US Presidential Elections we might be able to encourage a more positive approach from the United States. He mentioned that the G24 would be meeting in Delhi in early February to concert their position for the April meeting.

In reply I reiterated the Prime Minister's scepticism about omnibus conferences whether on the Cancun or any other model. The waste of time and effort which the Global Negotiations had caused illustrated my point. When I had seen Mrs Gandhi on 9 July she had acknowledged that these negotiations were not a feasible prospect. Mrs Thatcher believed that we should continue to make use of existing institutions, and limit our endeavours to strictly practical purposes. For this reason we were now carefully preparing for the Interim and Development Committee meetings in April. These would surely provide scope for dealing with the problems which Jha had in mind. It was true that some of the impetus had come from the major Latin American debtors, but this did not exclude treatment of other problems. I recalled Mrs Gandhi's point that prodigal sons should not be better treated than their more frugal brethren.

Jha said he doubted if his government would be able to take matters much further until after the elections on 24 December. Thereafter he hoped that progress could be made. I said that I was sure that it would be useful for our two governments to exchange ideas, perhaps next in the New Year. By then not only would the Indian position be clearer but we might also have a better impression of American intentions. Jha agreed. We undertook to remain in touch.

Yours ever

Crispin Tickell

cc Sir Antony Acland FCO
R Q Braithwaite Esq, FCO
J G Littler Esq, HM Treasury
N L Wicks Esq Washington
Sir J Thomson, New York
Sir Robert Wade-Gery, New Delhi
Mr C Powell

CONFIDENTIAL

oro



(Old Admiralty Building, G/108A)

Foreign and Commonwealth Office

London SW1A 2AH

19 November 1984

F E R Butler Esq
PS/No 10

Dear Robin,

ECONOMIC SUMMIT 1984

At the dinner the Prime Minister gave for the British Council she kindly mentioned that she had not signed a personal message to me about the organisation of the Summit, though she had conveyed very generous messages through the Whitehall machine.

.. She said that she would be happy to sign a photograph for me which I could keep as a souvenir, and if you remember you said you would act as intermediary. I enclose the photograph, which as you will notice also includes the British Sherpa, and I should be most grateful if you could invite the Prime Minister to inscribe it, and then return it to me.

Yours sincerely,

N J Barrington

N J Barrington



10 DOWNING STREET

From the Private Secretary

5 November, 1984

The Prime Minister was most grateful to you for sending the signed version of the message sent to her by the Heads of State of seven Latin American countries on the occasion of the London Economic Summit in June.

C. D. POWELL

His Excellency Senor Francisco Cuevas-Cancino

A handwritten signature in blue ink, appearing to be 'C. D. Powell', written in a cursive style.



Foreign and Commonwealth Office

London SW1A 2AH

5 November, 1984

Dear Charles,

In your letter of 24 October you asked for advice on a reply to a letter from the Mexican Ambassador dated 18 October enclosing signed versions (in Spanish and Portuguese) of the message to the Prime Minister dated 5 June from seven Latin American Heads of State on the occasion of the London Economic Summit.

No action is required beyond an acknowledgement of the signed version. Given the fact that the signatures of seven Heads of Government are on the enclosure, and the trouble the Mexicans have clearly taken to obtain it, we suggest that the Prime Minister herself should acknowledge this letter. I enclose a draft.

Yours,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

Exam Pt 17

LET

Foreign and Commonwealth Office

London SW1A 2AA



DRAFT: ~~xxxxx~~ letter/teletype/despatch/note
~~xxxxxxxxxxxx~~

TYPE: Draft/Final ~~1+~~
~~xxxxxx~~

FROM
CDP
~~Prime Minister~~

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:
HE Sr Francisco Cuevas Cancino
Embassy of Mexico
8 Halkin Street
LONDON SW1X 7DW

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:
The Prime Minister was

.....In Confidence

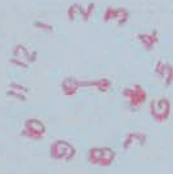
I am most grateful to you for sending the signed version of the message sent to ~~me~~ by the Heads of State of seven Latin American countries on the occasion of the London Economic Summit in June.

CAVEAT.....

CDP

Enclosures—flag(s).....

5 NOV 1984



Eca PR PTM

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JL

10 DOWNING STREET

From the Private Secretary

24 October 1984

I enclose a letter to the Prime Minister from the Mexican Ambassador on which I should be grateful for advice as to what action is necessary.

(C.D. POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

BM-

010.
(Translation attached). 003018

EMBAJADA DE MEXICO
LONDRES

London, 18th October, 1984

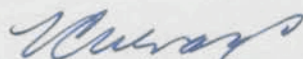
Your Excellency,

On occasion of the meeting of the Heads of State and Government of the seven most developed Western States, that took place in London last June, my Government, in conjunction with those of Argentina, Brazil, Colombia, Ecuador, Peru and Venezuela addressed a message to Your Excellency, who presided over the said meeting.

The Ambassadors of the Latin American States had the honour of forwarding the text of the message to you through the Foreign Office.

My Government was entrusted with obtaining the signatures of the Heads of State of the Latin American Governments, and I have now the honour of forwarding to Your Excellency the autograph letters, both in Spanish and in Portuguese.

I avail myself of this opportunity to renew to Your Excellency, the assurance of my highest and most distinguished consideration.



Francisco Cuevas Cancino,

Ambassador

The Rt. Hon. Mrs. Margaret Thatcher,
Prime Minister,
10 Downing Street,
London, SW1

COXEN TO ADAMSON

1984 OCT 19

19 OCT 1984

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5 de junho de 1984.

Excelentíssima senhora
Primeira Ministro:

Dirigimo-nos a Vossa Excelência às vésperas de nova reunião dos Chefes de Governo dos sete principais países industrializados. Estamos convencidos de que a situação e as perspectivas das economias dos países latino-americanos, em especial as questões de comércio, financiamento e endividamento externo, deveriam ser consideradas nas deliberações de Londres.

Como contribuição a essa consideração, a Declaração e o Plano de Ação de Quito, elaborados pela Conferência Econômica Latino-Americana, foram oportunamente enviados ao Governo de Vossa Excelência. Em 19 de maio último, quatro Chefes de Estado da América Latina emitiram declaração cujo texto foi amplamente divulgado. Outros Presidentes latino-americanos expressaram sua concordância com essa declaração.

Tal como expresso nesses documentos, a América Latina tem experimentado uma severa redução em sua atividade econômica e uma aguda crise financeira. Nos últimos três anos diminuíram o produto real e a renda per capita. O desenvolvimento social teve que ser sacrificado. Chegou-se a uma situação de difícil sustentação.

Os aumentos nas taxas de juros, as dificuldades de obtenção de recursos financeiros adicionais e o for-
.../..

Excelentíssima senhora
MARGARET THATCHER
Primeira Ministro do Reino Unido
da Grã-Bretanha e Irlanda do Norte
Londres.

talecimento das práticas protecionistas são fatores impeditivos de que os benefícios da recuperação econômica nos países industrializados atinjam nossas economias. Esta circunstância, por sua vez, reduz as possibilidades de que tal recuperação se consolide e resulte em uma expansão sustentada e não inflacionária.

Reiteramos a convicção latino-americana de que é urgente que a comunidade internacional aborde de maneira integrada e coerente os problemas da economia mundial, reconhecendo as interrelações que os vinculam, e encontre soluções satisfatórias em um mundo interdependente.

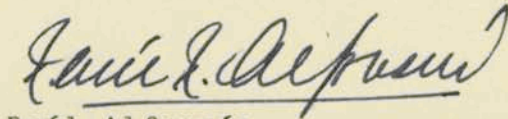
A necessidade urgente de adotar ações concertadas é evidente, sobretudo na questão do endividamento. Não é possível pensar que os problemas possam resolver-se apenas através do contato com os bancos ou com a participação isolada das organizações financeiras internacionais. É necessário o desenvolvimento de um diálogo construtivo entre países credores e devedores para a identificação de medidas concretas que aliviem a carga do endividamento externo, levando em conta os interesses de todas as partes envolvidas.

Com base em critérios de justiça e equidade, é preciso definir um conjunto de políticas e ações integradas nos campos do financiamento, do endividamento e do comércio. É indispensável estabelecer um ambiente franco de cooperação, que corresponda a um esquema de responsabilidade compartilhada e que reflita os interesses do conjunto da comunidade internacional.

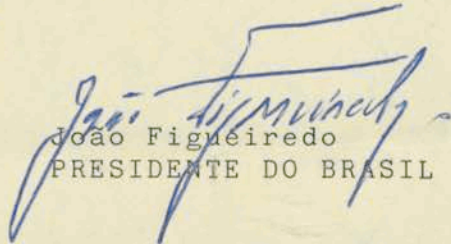
Uma manifestação da vontade política dos principais países industrializados para avançar rumo à conquis-

ta desses objetivos seria, neste momento, particularmente oportuna.

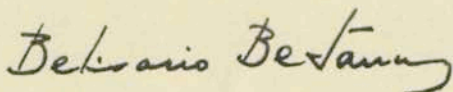
Apresentamos a Vossa Excelência o testemunho de nossa mais alta consideração.



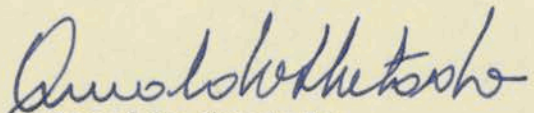
Raúl Alfonsín
PRESIDENTE DA ARGENTINA



João Figueiredo
PRESIDENTE DO BRASIL



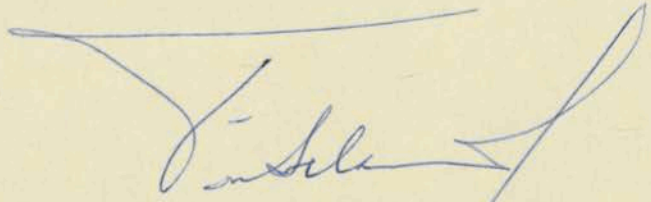
Belisario Betancur
PRESIDENTE DA COLOMBIA



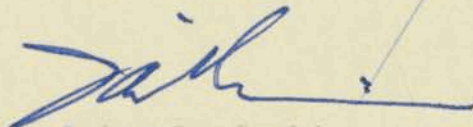
Osvaldo Hurtado
PRESIDENTE DO EQUADOR



Miguel de la Madrid
PRESIDENTE DO MEXICO



Fernando Belaúnde
PRESIDENTE DO PERU



Jaime Lusinchi
PRESIDENTE DA VENEZUELA

5 de junio de 1984.

Excelentísima señora
Primera Ministro:

Nos dirigimos a Vuestra Excelencia en vísperas de una nueva reunión de los líderes políticos de los siete principales países industriales. Estamos convencidos de que la situación y perspectivas de las economías de América Latina, en especial las cuestiones del comercio, el financiamiento y la deuda externa, deberían ser consideradas en las deliberaciones de Londres.

Para contribuir a esta consideración, la Declaración y Plan de Acción de Quito, elaborados por la Conferencia Económica Latinoamericana, fueron entregados oportunamente a vuestro Gobierno. El 19 de mayo último, cuatro jefes de Estado de América Latina emitieron la Declaración cuyo texto fue ampliamente difundido. Otros presidentes latinoamericanos han expresado su coincidencia con este planteamiento.

Como se expresa en esos documentos, América Latina ha experimentado una severa reducción de su actividad económica y una aguda crisis financiera. En los últimos tres años ha disminuido el producto real y el ingreso por habitante. Ha tenido que relegarse el desarrollo social. Se ha llegado a una situación difícil de sostener.

.../...

Excelentísima señora
MARGARET THATCHER
Primera Ministro del Reino Unido de
la Gran Bretaña e Irlanda del Norte
Londres.

Los aumentos en las tasas de interés, las dificultades para obtener recursos financieros adicionales y el fortalecimiento de las acciones proteccionistas, son factores que han impedido que los beneficios de la reactivación en países industrializados alcancen a nuestras economías. Esta circunstancia, a su vez, reduce las posibilidades de que la reactivación se consolide y desemboque en una expansión sostenida y no inflacionaria.

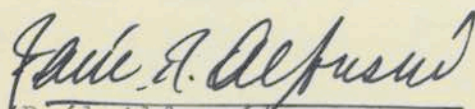
Reiteramos la convicción latinoamericana de que es urgente que la comunidad internacional aborde, de manera integrada y coherente, los problemas de la economía mundial, reconociendo las interrelaciones que los vinculan, y encuentre soluciones satisfactorias, en un mundo interdependiente.

La necesidad urgente de adoptar acciones concertadas es evidente, sobre todo, en materia de endeudamiento. No es posible pensar que los problemas puedan resolverse solo a través del contacto con los bancos o con la participación aislada de los organismos financieros internacionales. Se requiere llevar adelante un diálogo constructivo entre países acreedores y deudores, para la identificación de medidas concretas que alivien la carga del endeudamiento externo, teniendo en cuenta los intereses de todas las partes involucradas.

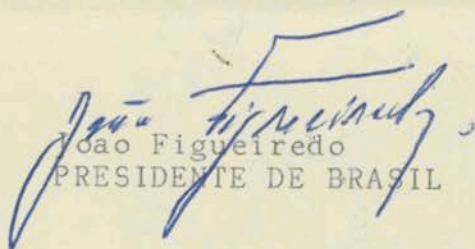
Con arreglo a criterios de justicia y equidad, es preciso definir un conjunto de políticas y acciones integradas en los campos del financiamiento, la deuda y el comercio. Es indispensable establecer un ambiente franco de cooperación, que corresponda a un esquema de responsabilidad compartida y que refleje los intereses del conjunto de la comunidad internacional.

Una manifestación de la voluntad política de los principales países industriales para avanzar hacia la consecución de estos objetivos sería, en estos momentos, particularmente oportuna.

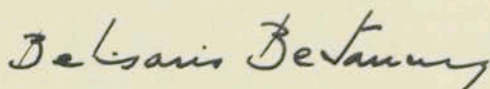
Presentamos a Vuestra Excelencia el testimonio de nuestra más alta consideración.



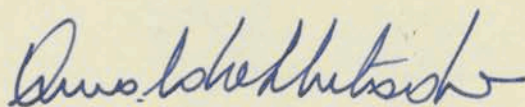
Raúl Alfonsín
PRESIDENTE DE ARGENTINA



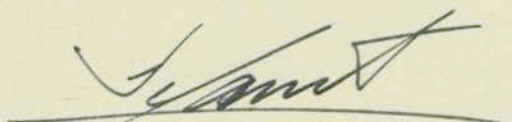
João Figueiredo
PRESIDENTE DE BRASIL



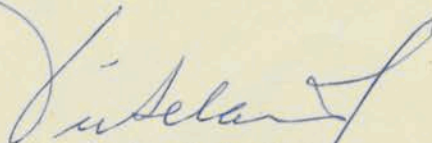
Belisario Betancur
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Osvaldo Hurtado
PRESIDENTE DE ECUADOR



Miguel de la Madrid
PRESIDENTE DE MEXICO



Fernando Belaúnde
PRESIDENTE DEL PERU



Jaime Lusinchi
PRESIDENTE DE VENEZUELA

6th June 1984

UNOFFICIAL TRANSLATION

The Prime Minister,
The Rt. Hon. Margaret Thatcher, MP

We hereby address Your Excellency on the days immediately preceding a new Summit Meeting of the political leaders of the seven main industrialized countries. We are convinced that the situation and perspectives of the Latin American economies, especially in what concerns trade matters, financing and the external debt, should be considered during the discussions to take place in London.

For that purpose, the Quito Declaration and Plan of Action, prepared by the Latin American Economic Conference, were delivered to Her Majesty's Government in due time. On May 19th last, four Latin American Heads of State signed a Declaration which was widely publicized and to which other Latin American Presidents expressed their agreement.

As stated in these documents, Latin America has experienced a severe reduction in its economic activity and is going through an acute financial crisis. During the last three years its real economic product has decreased and so has its per capita income. Social development has consequently deteriorated. An untenable position has now been reached.

The increased interest rates, the difficulties to raise additional financial resources and the strengthening of protectionism are factors which have prevented the benefits of economic recovery in industrialized countries to reach our economies. Furthermore, this circumstance reduces the possibilities for this recovery to consolidate and to lead to a non-inflationary and sustained expansion.

We would like to stress the Latin American belief that the international community should urgently tackle the problems of the world economy in a coherent and consistent manner, thereby taking into account their interdependence in an attempt to find satisfactory solutions in an interdependent world.

The urgent need for the adoption of concerted action is evident, above all in what concerns indebtedness. It is not possible to imagine that those problems can be sorted out solely through contacts with Banks or through the isolated participation of the

international financial organizations. It is essential that a constructive dialogue between creditor and debtor countries be established so that concrete measures can be taken in order to alleviate the burden of external debt, taking into consideration the interests of all parties concerned.

In accordance with the principles of justice and fairness it is necessary to define a series of policies and measures in the fields of financing, debt and commerce. The establishment of an atmosphere of open cooperation, corresponding to a scheme of shared responsibilities which may express the common interests of the international community, is of paramount importance.

An expression of the political will of the main industrialized countries towards the attainment of such goals would be particularly welcome at this moment.

We avail ourselves of this opportunity to present to Your Excellency the assurances of our highest consideration.

24 OCT 1981

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10 DOWNING STREET

1 October 1984

THE PRIME MINISTER

Your Foreign Minister,

Thank you for your recent letter (on behalf of the Foreign Ministers of the South Asian Regional Co-operation Forum) about the resources of the International Development Association and the London Economic Summit.

I do not believe we should expect immediate results to flow from Economic Summits; such gatherings are mainly to chart a way ahead.

I share your concern about the \$9 billion IDA 7 Replenishment; it is not sufficient to meet the needs of the world's poorest countries. But as I think you know, Britain is one of those donor countries which favour an arrangement to supplement this to a level at least comparable to the \$12 billion provided under the previous IDA Replenishment. Unfortunately, some other major donors have not agreed to participate, and a worthwhile sum cannot be reached without their help.

We have not yet given up all hope of supplementing IDA's funds on a fair donor burden-sharing basis, and are urging IDA's Management to push hard again for this when the Replenishment is formally reviewed by donor governments next year.

285

We welcome efforts towards co-operation on a regional basis and were grateful therefore for your views and those of your South Asian colleagues.

Yours sincerely

Raymond Shetty

The Honourable Mr. Fathulla Jameel.

KAMAEQ

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

The Hon Mr Fathulla Jameel
Minister of Foreign Affairs of
the Republic of Maldives

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Your Excellency

CAVEAT.....

Thank you for your recent letter (on behalf of the Foreign Ministers of the South Asian Regional Cooperation Forum) about the resources of the International Development Association and the London Economic Summit.

I do not believe we should expect immediate results to flow from Economic Summits; such gatherings are mainly to chart a way ahead.

What is most important, however, is that major world economic problems should be regularly considered by those who are in a position to help reach solutions - as they were, for instances, at the 1984 Annual Meetings of the International Monetary Fund and the World Bank which have just taken place in Washington. These were attended by national Finance Ministers. We played a constructive part at those meetings and will continue to do so in future.

Enclosures-flag(s).....

/I share

Pl type for
PM's
signature
eh.

DRAFT: ~~xxxxxx~~/letter/teletype/despatch/xxxx

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

The Hon Mr Fathulla Jameel,
Minister of Foreign Affairs of
the Republic of Maldives

Copies to:

MALE

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Your Excellency,

Thank you for your recent letter (on behalf of the
^{Foreign Ministers}~~members~~ of the South Asian Regional Co-operation Forum)
about the resources of the International Development
Association and the London Economic Summit.

I do not believe we should expect immediate results
to flow from Economic Summits; such gatherings are mainly
to chart a way ahead.

What is most important, however, is that major world
economic problems ~~are~~ ^{should be regularly considered by} continually ~~before~~ ^{as they were,} all those who
~~are~~ ^{for instance, at} in a position to help reach solutions, ~~as is the case~~
~~with~~ the 1984 Annual Meetings of the International
Monetary Fund and the World Bank which have just taken
place in Washington. These were attended by ~~countries~~ ^{national}
Finance Ministers. We played a constructive part at
those meetings and will continue to do so in future.

Enclosures—flag(s).....

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We have not yet given up all hope of supplementing IDA's funds on a fair donor burden-sharing basis, and are urging IDA's Management to push hard again ^{for this} when the Replenishment is formally reviewed by donor governments next year.

We welcome efforts towards co-operation on a regional basis and were grateful therefore for your views and those of your South Asian colleagues.

COY
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Foreign and Commonwealth Office

London SW1A 2AH

P. F. Ricketts

31 August 1984

Dear Charles,

Letter from President of Brazil

Following my letter of 18 July, the Brazilian Ambassador has recently forwarded the original of President Figueiredo's letter to the Prime Minister of 10 July, which I now enclose for your files.

T121A184

Yours ever,

(P F Ricketts)
Private Secretary

Peter Ricketts

C D Powell Esq
10 Downing Street
LONDON SW1



THE MINISTER OF FOREIGN AFFAIRS

MALE,
REPUBLIC OF MALDIVES.

25 August 1984

Your Excellency,

I have the honour to inform Your Excellency that the Foreign Ministers of the South Asian Regional Co-operation who met in Male' on 10 and 11 July 1984 have requested me, in my capacity as Chairman of the Meeting, to convey to the leaders of the industrialized countries, the immediate concern of the States of South Asia that the financing of IDA VII has not been augmented to a degree whereby, in real terms, an increase is achieved over the level of IDA VI.

Such an increase is seen as vital by the Foreign Ministers if resources which are to be made available under IDA are not only adequate to the existing needs of the countries in the region, but are to meet the legitimate requirements of any new arrangements which are likely to be sought. Express regret was also voiced by the Foreign Ministers at the lack of appreciable progress made in meeting the concerns of the developing nations with regard to the current world economic situation which were clearly identified at the June 1984 summit of the industrialized countries held in London when specific remedies were proposed.

I have every trust that Your Excellency will both understand and appreciate the vital nature of such issues as I am requested to bring to your kind attention,

.....2.....



THE MINISTER OF FOREIGN AFFAIRS

MALE,
REPUBLIC OF MALDIVES.

-: 2 :-

particularly as their consideration will have a direct bearing on the alleviation of the plight of up to one billion people living in this region.

It is my conviction that given Your Excellency's considerate disposition, you will spare no effort in securing a favourable response to this expression of concern by the Foreign Ministers of South Asia.

Please accept, Your Excellency, the assurance of my highest consideration.

Yours sincerely

Fathulla Jameel

Minister of Foreign Affairs of the
Republic of Maldives and Chairman of
the Meeting of the Foreign Ministers
of South Asia

The Rt. Hon. Margaret Thatcher
Prime Minister of United Kingdom of
Great Britain and Northern Ireland
London

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10 DOWNING STREET

From the Private Secretary

20 July 1984

Letter from the President of Brazil

In your letter of 18 July you referred to the Brazilian Ambassador's request that the Prime Minister agree to publish the exchange of letters between her and President Figueiredo on the outcome of the London Economic Summit.

The Prime Minister agrees.

I shall be grateful if you will arrange for the Brazilian Ambassador to be so informed. I am sending a copy of this letter to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

(C.D. POWELL)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

18 July 1984

Prime Minister
Agree to publish
your exchange of
letters with the
President of Brazil?

Dear Charles, Yes

Letter from President of Brazil

The Brazilian Ambassador, Sr Gibson Barboza, called on Sir Crispin Tickell on 13 July to hand over a reply from President Figueiredo to the Prime Minister's letter of 18 June (not 5 June as incorrectly stated in the letter).

C D P
10/7

Tiziana/84
of 10.7.84

I enclose a translation. The Ambassador said he considered the exchange of letters, the outcome of the discussion on debt at the London Economic Summit, and the tone of the Foreign Secretary's speech on Latin America to the London Chamber of Commerce on 6 July were together encouraging and constructive developments. He was instructed to ask whether the Prime Minister would agree to publish the text of the exchange of letters.

We consider it would be advantageous to do so. The Brazilians have already published a similar exchange of letters with President Reagan. If the Prime Minister agrees, we shall arrange for the Brazilian Ambassador to be informed.

I am sending a copy of this letter to David Peretz (Treasury) and to Richard Hatfield (Cabinet Office).

Yours ever,
P F Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

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Leon PSI: Les Pt 11

George and Catherine
London SW1E 5AL



~~11~~

Foreign and Commonwealth Office

London SW1A 2AH



Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
London SW1

13 July 1984

NB PM who has
seen in telegrams.
his adds little or
nothing. CD 13/7.

Dear Robert,

POST-SUMMIT BRIEFING: AUSTRALIA, INDONESIA AND INDIA

You said you would find useful a personal note about my visits to Australia, Indonesia and India to brief each government on the London Economic Summit. For ease of reference I enclose a clutch of reporting telegrams from the posts concerned. They speak for themselves.

2. All those I saw, at both political and official level, were most grateful and gratified that the Prime Minister should have taken the trouble to send them a personal emissary. The high level at which I was received in all three countries is a measure of the respect in which they hold the Prime Minister and the importance they attach to the Summit. Our diligence in taking account of the comments they had expressed beforehand and in following up their points afterwards will, I am sure, have earned us good will in the wider political arena.
3. As you know, I began my tour in Australia where the Prime Minister and his Treasurer gave me an hour. There was no real disagreement on the issues raised at the Summit. On this occasion Mr Hawke did not deliver his customary plea for less protectionism. He was, I think, as much interested in the Fontainebleau results as in those of the Summit, and obviously hoped that the imposition of financial discipline on the Community budget would lead to a reduction in subsidised exports of Community agricultural products, and therefore to relief for Australian competitors in third country markets. He was firm on the question of Australian participation at future summits, and the Germans may expect lobbying for the next summit at Bonn.
4. My visit to Indonesia coincided with news of the Prime Minister's visit there in September, and I was received with all the more honour as a result. The four Ministers whom I saw separately all looked forward to more substantial Anglo/Indonesian cooperation in the future. Although my ostensible reason for visiting Jakarta was to give the Indonesian Foreign Minister the Foreign Secretary's reply to the communication he sent before the Summit as Chairman of the Asean Standing Committee, the Asean aspect virtually disappeared in our discussions. Dr Mochtar applauded the practical approach which the Prime Minister had

/taken



taken in her management of the Summit, and reserved his criticisms for the United States, in particular the effects of the US public sector deficit on interest rates. His main preoccupations were over trade: in particular the timing and content of a new GATT Round, and the problem of commodity prices. He and his Ministerial colleagues obviously enjoy discussion of macro-economic issues in an academic as well as a practical sense, and welcomed the opportunity my visit provided.

5. Of the three countries I visited the Indians were alone in expressing real disappointment at the Summit results. I detected some measure of self-illusion in which the Indians pressed their points about the so-called North/South Dialogue and the need for an international monetary conference. Fortified by texts from the meeting of the Non-Aligned Movement in Delhi in 1983, Mrs Gandhi argued as its current chairman that there was an increasing sense of frustration which could lead to confrontation between the industrialized and other countries. On this I argued that the international climate had changed a good deal over the last 18 months (we ourselves had individual contact with members of the non-aligned movement and so were in direct touch with their current thinking), that everyone seemed more interested in seeking practical solutions to specific problems rather than creating new international circuses, and that in these circumstances it was best to work through and improve on existing institutions.

6. In particular I put to Mrs Gandhi our familiar point that the current vocabulary of debate was artificial and in many ways misleading. In some respects India was of course a developing country, but in other respects the United Kingdom was one too. We were all undergoing rapid change, and adaptation was not easy either for a hungry Indian peasant or for an unemployed Scottish steelworker. Hence the notion of a formal dialogue between the two groups of countries with two quite different sets of interests was misconceived. Mrs Gandhi first treated these thoughts as an entertaining debating point, but later was prepared to allow that there was something in them and that we should all choose our words with more care. She admitted that global negotiations were no longer a feasible prospect and that what was appropriate for the poorest countries of Africa was not necessarily so for the relatively rich debtor countries of Latin America or for countries with mixed economic characteristics like her own. Both she and the Indonesian Foreign Minister were anxious lest we should be too kind to such prodigal sons as Mexico and Brazil, and neglect those who had kept their affairs in order throughout. I was able to reassure them with the Summit text itself (paragraph 9(5)).

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7. Under firm prodding from Mr Jha (with whom I had been over these issues at length beforehand) Mrs Gandhi firmly stuck to her idea of some Cancun-style conference to prepare the way for some wider international monetary conference. Mr Jha had obviously given her a misleadingly encouraging interpretation of what the Prime Minister had said to him on the subject on 18 May, and I had to set the record straight. Mrs Gandhi took comfort from the Prime Minister's continued chairmanship of the Summit Group until the end of the year, and I suspect that we may hear more from the Indians on the subject, perhaps after the meetings of the Fund, the World Bank and the Commonwealth Finance Ministers, and before the last meeting of the Summit Personal Representatives under British chairmanship. The Finance Minister laid particular stress on the importance of the September meetings. In my discussions with the Indians I was struck by their greater interest in procedure than in the substance of current world problems.

8. Obviously the Summit results will be judged by what the Summit countries do to give effect to them. Here the twin mandates to Ministers of Finance seem to me crucial (paragraphs 7 and 9(6) of the declaration). If the Finance Ministers can make something more of the Development Committee of the World Bank, and can produce a position report on the international monetary system for the IMF Interim Committee next year, a good many of the doubts and criticisms, expressed in particular by the Indians, will lose force. But if nothing very much seems to happen and the baleful effect of high interest rates continues, then some of Mrs Gandhi's fears about frustration and confrontation could all too easily acquire real substance.

9. As a postscript it may be worth mentioning that all three governments showed interest in the Summit declaration on terrorism, and will hope to be brought discreetly into any discussions which we and the other summit governments may have later in the year. All were willing to cooperate.

Yours ever

Crispin Tickell

Crispin Tickell

cc J G Littler Esq CB, HM Treasury
R W Gray Esq CB, DTI
C D Powell Esq, No 10



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TELEGRAM NUMBER 608 OF 3 JULY
INFO IMMEDIATE JAKARTA, NEW DELHI, ROUTINE WASHINGTON, UKREP
BRUSSELS

POST-SUMMIT BRIEFING: SIR C TICKELL'S CALL ON THE AUSTRALIAN
PRIME MINISTER

1. ON 2 JULY I TOOK SIR C TICKELL TO CALL ON MR HAWKE. THE
TREASURER, MR KEATING, WAS ALSO PRESENT. MR HAWKE GAVE TICKELL
AN HOUR OF HIS TIME. THE PRIME MINISTER WAS IN HIS BEST FORM:
SERIOUS, WELL-INFORMED, NOT SEEKING TO MAKE POLITICAL CAPITAL. IT
WAS ALTOGETHER AN IMPRESSIVE PERFORMANCE.

2. TICKELL HAVING HANDED OVER THE PRIME MINISTER'S LETTER,
SUMMARISED THE PROCEEDINGS AND BACKGROUND OF THE ECONOMIC SUMMIT
AND, AT MR HAWKE'S REQUEST, SPOKE SUBSEQUENTLY ABOUT THE EC
COUNCIL AT FONTAINEBLEAU. MR HAWKE MADE LARGELY STANDARD
BUT HELPFUL COMMENTS. THESE COVERED TRADE, DEBT, EAST-WEST
RELATIONS, ETC. HE EXPRESSED THE HOPE THAT OUR AMBITIONS FOR THE
FUTURE OF COMMUNITY FINANCES AND THE CAP WOULD BE REALISED,
BECAUSE THEY WERE OF CONCERN TO AUSTRALIA AS MUCH AS TO THE REST
OF US. HE REMARKED THAT TRADE DEALINGS BETWEEN MEMBERS OF
THE SUMMIT SOMETIMES DAMAGED THIRD PARTIES, HOWEVER PIOUS MIGHT
BE THE ASPIRATIONS EXPRESSED. HE HAD IN MIND THE DISADVANTAGES
WHICH AUSTRALIA HAS RECENTLY SUFFERED FROM BEEF EXPORT DEALS
BETWEEN JAPAN AND THE UNITED STATES.

3. MORE SPECIFICALLY, IN REPLY TO POINTS MADE BY TICKELL, MR
HAWKE EXPRESSED HIS GOVERNMENT'S FULL SUPPORT FOR THE ANTI-TERRORIST
IDEAS WHICH WE HAVE CONFIDED TO THEM. HE SPOKE EQUALLY POSITIVELY
ABOUT COCOM AND SAID THAT AUSTRALIA WOULD CONSIDER THE
POSSIBILITY OF MEMBERSHIP. ON AUSTRALIAN MEMBERSHIP OF THE
SUMMIT, MR HAWKE MADE THE THREE USUAL POINTS: FIRST, THAT AUSTRALIA
ON QUOTE ECONOMIC AGGREGATES UNQUOTE WAS NEXT IN LINE TO JOIN;
SECOND, THAT AUSTRALIA OF ALL ASPIRANT NATIONS WOULD FIT IN
THE FAMILY BEST; AND, THIRD THAT AUSTRALIA'S GEOGRAPHIC POSITION
WOULD PROVIDE NEEDED BALANCE IN THE SUMMIT COMPOSITION. HE
SAID THAT AUSTRALIA WOULD PURSUE THE QUESTION OF MEMBERSHIP
FIRMLY BUT, AS IN THE PAST, NOT STRIDENTLY.

4. MR KEATING ASKED TICKELL ABOUT MULTI-ANNUAL DEBT RESCHEDULING
(AS INDEED HAD OFFICIALS EARLIER IN THE DAY). HE ACCEPTED TICKELL'S
EXPLANATION OF WHAT LAY BEHIND THIS PHRASE WITH SOME RELIEF.
HE AND MR HAWKE BOTH AGREED WITH TICKELL'S EXPOSITION OF UNITED
STATES' INTENTIONS AND PROSPECTS IN THE DEFICIT AND INTEREST
RATE FIELDS.

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5. THIS WAS MR HAWKE AT HIS MOST CONSTRUCTIVE. TICKELL'S INTERVIEW WITH HIM WILL HAVE MUCH BENEFITTED ANGLO-AUSTRALIAN RELATIONS, AND I AM GRATEFUL TO TICKELL FOR THE SKILL WITH WHICH HE CONDUCTED IT, AS INDEED HIS OTHER CONVERSATIONS DURING HIS SHORT STAY IN CANBERRA.

MASON

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TEL NO 200 OF 4 JULY

AND TO IMMEDIATE DELHI AND ROUTINE CANBERRA.

POST SUMMIT BRIEFING VISIT BY SIR C TICKELL

SUMMARY

1. SIR C TICKELL'S VISIT HAS BEEN VERY WELL RECEIVED, THE
INDONESIANS LAYING ON AN IMPRESSIVE PROGRAMME AND PRESS
COVERAGE ALMOST UNPRECEDENTED FOR A VISIT BY AN OFFICIAL.

DETAIL.

2. HMG'S GESTURE IN SENDING SIR C TICKELL TO BRIEF THE INDONESIAN
GOVERNMENT ON THE SUMMIT HAS BEEN VERY WELL RECEIVED AND
DESPITE A SUDDEN MEETING OF CABINET AND THEIR OBLIGATIONS
TO THE ASEAN REPRESENTATIVES ALREADY GATHERING HERE THEY
HAVE COME THROUGH WITH AN IMPRESSIVE PROGRAMME INCLUDING CALLS
ON THE THREE MAIN ECONOMIC MINISTERS AS WELL AS THE
MINISTER OF FOREIGN AFFAIRS. MOCHTAR HIMSELF ANNOUNCED
THE VISIT PUBLICLY AND HIS REMARKS ABOUT IT AT HIS PRE-ASEAN
MEETING BRIEFING LED TO QUITE EXCEPTIONAL PRESS INTEREST TO
WHICH HIS MINISTRY RESPONDED (WITHOUT APPROPRIATE WARNING
TO US) BY LAYING ON AN INFORMAL AIRPORT PRESS CONFERENCE WITH
SIR CRISPIN. HIS ARRIVAL STATEMENT ON THE PURPOSE OF HIS VISIT
AND MASTERLY HANDLING OF QUESTIONS (MAINLY ON DEBT, INTEREST
RATES AND GATT) RECEIVED GOOD COVERAGE IN BOTH INDONESIAN AND
ENGLISH LANGUAGE PAPERS.

3. MY IMMEDIATELY FOLLOWING TELEGRAM CONTAINS REPORT ON TODAY'S
MEETING WITH DR MOCHTAR.

DONALD
FCO PALACE / WH

ERD

GR 700
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FM JAKARTA 050340Z JUL 84
TO IMMEDIATE FCO
TEL NO 201 OF 5 JULY
AND TO PRIORITY DELHI AND ROUTINE CANBERRA.

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POST SUMMIT BRIEFING : CALL ON THE INDONESIAN FOREIGN MINISTER.

1. I TOOK SIR C TICKELL TO CALL ON THE INDONESIAN FOREIGN MINISTER ON 4 JULY. MOCHTAR WAS SUPPORTED BY SENIOR INDONESIAN OFFICIALS FROM HIS MINISTRY.
2. IN HANDING OVER YOUR LETTER TO MOCHTAR, TICKELL EXPLAINED THAT HIS BRIEFING WAS THE REPLY OF SUBSTANCE TO MOCHTAR'S MESSAGE IN HIS CAPACITY AS ASEAN STANDING COMMITTEE CHAIRMAN. MOCHTAR SAID THAT THE LONDON SUMMIT HAD A SPECIAL QUALITY IN HAVING HAD SO MANY CONTRIBUTIONS FROM THIRD PARTIES INCLUDING ASEAN. TICKELL GAVE A SUMMARY OF THE BACKGROUND TO AND PROCEEDINGS OF THE SUMMIT, PAYING DUE ATTENTION TO THE POINTS IN MOCHTAR'S LETTER, AND COVERING BOTH ECONOMIC AND POLITICAL ISSUES.
3. MOCHTAR LISTENED WITH CLOSE INTEREST AND TOOK NOTES. HE EXPRESSED PLEASURE AT WHAT HAD BEEN SAID BY THE PRIME MINISTER IN HER OPENING SPEECH AT THE SUMMIT ABOUT INDONESIA. HE HOPED NEVERTHELESS THAT THE SUMMIT PARTICIPANTS HAD REGISTERED ASEAN'S POINT OF VIEW ON THE TRADE ISSUES. THERE COULD NOT BE EXACT RECIPROCITY BETWEEN INDUSTRIAL AND DEVELOPING COUNTRIES IN A FUTURE GATT ROUND. NOT ALL DEVELOPING COUNTRIES WERE LIKE HONG KONG, KOREA AND TAIWAN. PICKING UP A POINT ABOUT THE INTERDEPENDENCE OF INDUSTRIAL AND OTHER COUNTRIES, MOCHTAR ARGUED THAT THE NORTH/SOUTH DISTINCTION WAS STILL VALID. TICKELL REPLIED THAT IT WAS MORE IMPORTANT TO DIFFERENTIATE BETWEEN ECONOMIC PROBLEMS AND THE INDIVIDUAL CHARACTERISTICS OF THE COUNTRIES FACING THEM. PRESENT CATEGORIES WERE MISLEADING. MOCHTAR ACCEPTED THAT AS FAR AS THE EBT PROBLEM WAS CONCERNED A NORTH/SOUTH DIVISION WAS NOT APPROPRIATE. HE APPLAUDED THE PRAGMATIC, REALISTIC APPROACH ADOPTED BY THE BRITISH CHAIRMANSHIP IN LONDON.
4. IN THE COURSE OF FURTHER QUESTIONS AND ANSWERS, MOCHTAR AGREED THAT TACKLING THE ISSUES THROUGH GLOBAL NEGOTIATIONS WAS NOT LIKELY TO BE PRODUCTIVE: THIS HAD BEEN REFLECTED AT THE DELHI NON-ALIGNED SUMMIT. THERE WAS A LOT TO COMMEND THE BRITISH METHOD OF GETTING DOWN TO PRACTICAL DISCUSSION ON A LIMITED RANGE OF ITEMS. ON THE OTHER HAND HE DREW ATTENTION TO THE RELATIVE ABSENCE FROM THE SUMMIT PROCEEDINGS OF THE PROBLEMS OF COMMODITIES AND THE COMMON FUND. TICKELL COMMENTED THAT RECOVERY AMONG THE INDUSTRIALISED COUNTRIES WAS FOUND TO IMPROVE THE PRICE OF

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COMMODITIES. ON THE COMMON FUND, MANY SO CALLED DEVELOPING COUNTRIES HAD NOT YET BOTHERED TO SIGN OR RATIFY THE COMMON FUND AGREEMENT OF 1980.

5. MOCHTAR'S MAIN CRITICISMS WERE RESERVED FOR THE UNITED STATES, IN PARTICULAR THE BUDGET DEFICIT AND HIGH INTEREST RATES. HE SAID THAT THE AMERICANS SAW EVERYONE ELSE'S MISTAKES BUT NOT THEIR OWN ('SHORT OF CLUBBING THEM OVER THE HEAD I DON'T KNOW WHAT WE CAN DO'). HE WAS INTERESTED TO HEAR ABOUT THE PERFORMANCE OF THE JAPANESE AT THE SUMMIT, AND SAID THEY WERE DOING MORE THAN A LOT OF COUNTRIES WITHOUT FANFARE.

6. MOCHTAR EXPRESSED MILD GLOOM ABOUT INDONESIA'S FUTURE, INSTANCING INDONESIA'S UNDUE DEPENDENCE ON OIL EXPORTS AND THE POSSIBILITY THAT OIL PRICES WOULD WEAKEN FURTHER.

7. IN GENERAL MOCHTAR WAS RELAXED AND FRIENDLY. HE GAVE US AN HOUR AND A QUARTER BEFORE A CABINET MEETING. HE WAS PLEASED THAT THE POINTS MADE IN THE ASEAN LETTER HAD BEEN NOTED AT THE SUMMIT AND OBVIOUSLY DELIGHTED THAT THE PRIME MINISTER HAD TAKEN THE TROUBLE TO SEND A PERSONAL EMISSARY WHOSE COMMENTS WERE SO WELL INFORMED AND WHO COULD GIVE THE FLAVOUR OF THE INFORMAL TALKS. IT WAS HEARTENING TO HEAR THE MEASURE OF HIS AGREEMENT WITH THE BRITISH PRAGMATIC APPROACH TO THE PROBLEMS DEALT WITH BY THE SUMMIT.

ALL IN ALL, THE EXERCISE HAS BEEN WELL WORTH WHILE.

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SIR C TICKELL

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TEL NO 211 OF 6 JULY
AND TO PRIORITY DELHI
RPTD FOR INFO TO CANBERRA.

MY TELEGRAMS NUMBER 200 AND 201 : POST SUMMIT BRIEFING.

SUMMARY.

1. SIR C TICKELL ALSO HAD USEFUL AND FRIENDLY DISCUSSIONS WITH THE THREE SENIOR ECONOMIC MINISTERS AND WITH TOP OFFICIALS OF THE MINISTRIES OF FOREIGN AFFAIRS AND TRADE. IN THESE THE SOURCES OF CONCERN REFLECTED IN DISCUSSION WITH THE FOREIGN MINISTER AGAIN EMERGED CLEARLY. THIS VISIT AND THE BRITISH SHOWING AT THE RECENT AID-PLEDGING MEETING AT THE HAGUE (IGGI) HAVE GIVEN US A USEFUL BOOST WITH KEY INDONESIAN DECISION MAKERS WHO NOW FEEL WE ARE TREATING INDONESIA WITH THE ATTENTION SHE MERITS. THIS UNDERLINED BY REPORTS NOW CURRENT OF THE PRIME MINISTER'S PROJECTED VISIT HERE AND THE WARM OFFICIAL FIRST REACTION TO THIS PROPOSAL. THE INTENSE PRESS COVERAGE OF SIR C TICKELL'S VISIT HAS CONTINUED AND MOCHTAR'S REFLECTION OF THE TALKS AND THE SUMMIT REACTION TO THE ASEAN WRITTEN CONTRIBUTION DURING HIS PRE-ASEAN CONFERENCE BRIEFING HAS BEEN APPRECIATIVE.

DETAIL.

2. THE TALKS WITH THE FOREIGN MINISTER WERE FOLLOWED BY A LIVELY WORKING LUNCH WITH SENIOR FOREIGN AND TRADE MINISTRY OFFICIALS. I THEN TOOK TICKELL TO CALL ON THE MINISTER OF FINANCE RADIUS PRAWIRO, THE CO-ORDINATING ECONOMIC MINISTER ALI WARDHANA, AND THE MINISTER OF TRADE RACHMAT SALEH.

3. ALL THESE DISCUSSIONS WERE CONSTRUCTIVE AND FRIENDLY. ISSUES OF PARTICULAR CONCERN TO THESE INDONESIAN MINISTERS EMERGED CLEARLY FROM THEIR QUESTIONS AND COMMENTS: THEIR ANXIETIES ABOUT GROWING PROTECTIONISM AND DISAPPOINTMENT AT LACK OF PROGRESS ON ROLL-BACK; THE EFFECT OF HIGH US INTEREST RATES; INDEBTEDNESS AND THE STABILITY OF THE INTERNATIONAL BANKING SYSTEM; THE CURRENT FRAGILITY OF OIL PRICES; EXPANSION OF IMF SPECIAL DRAWING RIGHTS; AND THE EFFECT ON THEIR TRADE WITH EUROPE OF CURRENT FLUCTUATIONS IN EUROPEAN EXCHANGE RATES AGAINST THE DOLLAR.

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4. THE MINISTER OF TRADE WHO UNTIL LAST YEAR WAS GOVERNOR OF THE CENTRAL BANK AND WHO PLAYED A LARGE PART IN THE DRAFTING OF DR MOCHTAR'S LETTER TO YOU, SAID THAT HE HOPED THAT ATTENTION CURRENTLY BEING GIVEN TO THE DIFFICULTIES OF LARGE DEBTOR COUNTRIES WOULD NOT RESULT IN CUTBACKS IN FINANCIAL FLOWS TO COUNTRIES WHICH HAD MANAGED THEIR AFFAIRS SO AS TO AVOID MAJOR PROBLEMS OF INDEBTEDNESS. TICKELL ASSURED HIM THAT THERE WAS A STRONG DESIRE AMONG THE SUMMIT PARTICIPANTS TO HELP THOSE WHO MOST HELPED THEMSELVES. IN PARTICULAR HMG WISHED TO CHANNEL AID BOTH TO THE POOREST AND TO THOSE WHO HAD DEMONSTRATED THEY COULD USE IT MOST EFFECTIVELY.

5. TICKELL ALSO HAD MEETINGS WITH THE US AMBASSADOR AND EC COLLEAGUES AND SENIOR BRITISH BUSINESSMEN.

ROUND UP.

6. I AM MOST GRATEFUL TO SIR C TICKELL FOR ENDURING, AND HANDLING SO SKILFULLY A VERY HEAVY PROGRAMME OF CALLS AND INTERVIEWS - WHICH INCIDENTALLY OFFERED ME PERSONALLY AN EXCELLENT MEANS OF MAKING SUBSTANTIVE CONTACTS WITH KEY MINISTERS AT THE OUTSET OF MY TOUR. THE PUBLICITY ATTENDING TICKELL'S ARRIVAL HAS CONTINUED THROUGHOUT HIS VISIT. THE PRIME MINISTER'S COMPLIMENTARY REFERENCE TO INDONESIA IN HER SUMMIT STATEMENT HAS BEEN NOTED WARMLY AND WAS RECALLED BY MOCHTAR IN HIS PRESS BRIEFING OF 5 JULY BEFORE THE START OF THE ASEAN MEETINGS. IN THIS HE SUMMARISED APPRECIATIVELY THE BRIEFING HE HAD RECEIVED AND THE CONSIDERED ATTENTION PAID BY THE SUMMIT TO THE ASEAN CONTRIBUTION. PRESS REFLECTIONS OF HIS REMARKS WERE CLEARLY COMPLIMENTARY TO THE SUMMIT PROCEEDINGS.

7. TOGETHER WITH THE BRITISH SHOWING AT THE RECENT IGGI MEETING (TO WHICH THE MINISTER OF FINANCE REFERRED MOST WARMLY; SEE SEPARATE TEL) THIS VISIT HAS RAISED OUR PROFILE WITH TOP DECISION MAKERS HERE. THEY ARE GRATIFIED THAT WE NOW APPEAR TO BE TREATING INDONESIA WITH THE ATTENTION WHICH HER WEIGHT AND IMPORTANCE IN THIS REGION JUSTIFIES. THIS RECENT UPWARD TREND IN OUR RELATIONS AND PLEASURE AT IT WERE CERTAINLY FACTORS IN LEADING MOCHTAR TO HIS PREMATURE BUT ENTHUSIASTIC ANNOUNCEMENT TO THE PRESS ABOUT THE PRIME MINISTER'S WISH TO VISIT INDONESIA IN SEPTEMBER.

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TO ROUTINE FCO
TEL NO 212 OF 6 JULY
RPTD FOR INFO TO ODA AND DTI.

MY TEL 211 PARA 4.

1. AT END OF HIS MEETING WITH TICKELL YESTERDAY PADIUS
PRAWIRO (MINISTER OF FINANCE) SAID THAT INDONESIAN GOVERNMENT
WERE "VERY HAPPY" WITH THE NEW LEVEL OF INTEREST AND SUPPORT
SHOWN BY UK AT THIS YEAR'S IGGI MEETING. THIS WAS EXCELLENT.
QUOTE AT LAST YOU ARE REALLY JOINING IN OUR CLUB UNQUOTE.
HE REFERRED APPROVINGLY TO THE SUCCESSFUL RESCHEDULING OF THE
MRICA PROJECT AND TO OUR DIESEL GENERATORS ATP OFFER IN SUPPORT
OF HAWKER SIDDELEY

DONALD

STANDARD (PALACE)

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THIS TELEGRAM
WAS NOT
ADVANCED

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FM NEW DELHI 100835Z JUL 84

TO PRIORITY FCO

TELEGRAM NUMBER 605 OF 10 JULY 1984

INFO ROUTINE CANBERRA, JAKARTA, WASHINGTON

SIR C TICKELL'S VISIT
(POST-SUMMIT BRIEFING)

1. SUMMARY. TICKELL WAS WELL RECEIVED HERE BY MRS GANDHI, L K JHA, FOREIGN AND FINANCE MINISTERS. THE INDIANS WERE DISAPPOINTED ABOUT THE SUMMIT OUTCOME ESPECIALLY THE LACK OF MOVEMENT TOWARDS A CONFERENCE ON MONEY AND FINANCE OR ANOTHER CANCUN-STYLE MEETING. BUT THEY GAVE TICKELL A GOOD HEARING AND THE INDIANS OBVIOUSLY APPRECIATED THE FACT OF HIS VISIT.

2. I TOOK SIR C TICKELL TO CALL ON MRS GANDHI ON 9 JULY. SHE HAD ALEXANDER (PRINCIPAL PRIVATE SECRETARY) AND L K JHA WITH HER. TICKELL HAD PREVIOUSLY MET THE FOREIGN MINISTER ON 7 JULY AND CALLED ON THE FINANCE MINISTER LATER ON THE 9TH (RECORDS BY BAG).

3. TICKELL HANDED OVER MRS THATCHER'S LETTER TO MRS GANDHI WHICH SHE READ ON THE SPOT. HE THEN GAVE HER A FAIRLY FULL ACCOUNT OF THE SUMMIT DISCUSSIONS, STRESSING THE EXTENT TO WHICH DEVELOPING COUNTRY ISSUES HAD AFFECTED THE WHOLE TONE OF THE DISCUSSION AND WAS REFLECTED IN REPEATED REFERENCES TO THEM IN THE FINAL DECLARATION. THE PARTICIPANTS HAD TAKEN CAREFUL NOTE OF THE POINTS MADE IN MRS GANDHI'S LETTERS, AS WELL AS THE MESSAGES FROM THE AUSTRALIAN PRIME MINISTER, FROM ASEAN AND FROM THE SEVEN LATIN AMERICAN PRESIDENTS. ON INTERDEPENDENCE, THE SUMMIT PARTICIPANTS HAD TRIED TO USE A MORE REALISTIC VOCABULARY THAN WAS FASHIONABLE HITHERTO: THE PROBLEMS OF THE MAJOR DEBTORS WHICH WERE ONLY DEVELOPING COUNTRIES IN A LIMITED SENSE HAD TO BE DISTINGUISHED FROM THE PROBLEMS OF THE POOREST COUNTRIES. THE FINANCE MINISTERS HAD BEEN TASKED TO PREPARE FOR THE MEETINGS OF THE IMF INTERIM COMMITTEE IN SPRING 1985 AND FOR THE DEVELOPMENT COMMITTEE OF THE WORLD BANK SO AS TO TACKLE THE TWO MAIN GROUPS OF ECONOMIC PROBLEMS FACING THE DEVELOPING COUNTRIES.

4. TICKELL ALSO REFERRED TO THE POLITICAL DISCUSSIONS WHICH HAD TAKEN PLACE IN THE MARGINS OF THE SUMMIT, ESPECIALLY ON EAST/WEST RELATIONS AND STATE TERRORISM, ON WHICH MRS THATCHER HOPED FURTHER DISCUSSIONS COULD BE HELD WITH LIKE-MINDED GOVERNMENTS. HE STRESSED THAT IN GENERAL MRS THATCHER WAS HAPPY WITH THE OUTCOME OF THE SUMMIT, WHICH HAD FOUND USEFUL NEW WAYS OF TACKLING THE PROBLEMS FACED BY BOTH INDUSTRIAL AND OTHER COUNTRIES.

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5. MRS GANDHI EXPRESSED APPRECIATION TO MRS THATCHER FOR SENDING A PERSONAL EMISSARY AND FOR THE DEGREE OF INTEREST WHICH THIS DEMONSTRATED. BUT SHE SAID SHE MUST POINT OUT THAT THE NON-ALIGNED GROUP WERE FAR FROM SATISFIED WITH THE RESULTS OF THE SUMMIT BECAUSE, TO JUDGE AT LEAST FROM THE PUBLIC DOCUMENTS, IT DID NOT DEAL WITH THEIR MAJOR CONCERNS, ESPECIALLY ON MONEY AND FINANCE. SHE DID NOT BELIEVE THAT ANYTHING CONCRETE COULD BE ACHIEVED WITHIN THE EXISTING FRAMEWORK: THE DEVELOPING COUNTRIES WERE BEING HAMPERED IN THEIR DEVELOPMENT EFFORTS AND THE INTERNATIONAL MECHANISMS FOR DEALING WITH THEM HAD BEEN SET UP AT A TIME WHEN WORLD CONDITIONS WERE VERY DIFFERENT. INITIALLY, THE NON-ALIGNED COUNTRIES HAD WANTED TO SEE DRAMATIC CHANGES OF THE KIND THAT HAD BEEN EXPLAINED AT CANCUN. THEY WERE NOW MORE MODERATE AND FAVOURED A STEP BY STEP APPROACH. SHE ACCEPTED THAT GLOBAL NEGOTIATIONS AS PREVIOUSLY CONCEIVED WERE NOT A FEASIBLE PROSPECT. BUT IF THERE WAS NO INDICATION OF A MORE FORTHCOMING ATTITUDE ON THE PART OF THE DEVELOPED COUNTRIES, IT WOULD BE DIFFICULT TO CONTROL THE MORE EXTREMIST ELEMENTS WITHIN THE NON-ALIGNED MOVEMENT. MRS GANDHI STILL FELT THAT DIALOGUE COULD ACHIEVE MORE, BUT IT WOULD NOT GET FAR UNLESS THE NORTH WAS MORE FORTHCOMING. L K JHA HAD GAINED THE IMPRESSION FROM HIS DISCUSSION WITH MRS THATCHER THAT SHE WAS NOT ALTOGETHER OPPOSED TO THE IDEA OF ANOTHER CANCUN TYPE OF CONFERENCE. MRS GANDHI ACKNOWLEDGED THAT THERE WAS A WIDE RANGE OF DIVERSITY AMONG THE SO CALLED DEVELOPING COUNTRIES AND PROBLEMS IN SOME CASES WERE UNDOUBTEDLY THEIR OWN FAULT.

6. WHAT INDIA HAD TRIED TO DO HERSELF WAS TO REDRESS THE IMBALANCES BY CONCENTRATING ON THE POOREST AND LEAST DEVELOPED SECTIONS OF THE ECONOMY. INDIA WAS MAKING A VERY CONSCIOUS EFFORT AT OVERALL ADJUSTMENT, BUT SHE WAS ON A SLIPPERY SLOPE AND A MORE SOLID FOOHOLD WAS NEEDED. IT SEEMED, UNFORTUNATELY, THAT THE DEBTOR COUNTRIES COULD EXERCISE MORE INFLUENCE ON THE US AND THE BIG FINANCIAL INSTITUTIONS BECAUSE OF THE SIZE OF THEIR PROBLEMS: AT ANOTHER EXTREME WERE THE EXTREMELY POOR COUNTRIES OF THE SUB-SAHARA. INDIA WAS IN A DIFFERENT POSITION FROM EITHER GROUP SINCE SHE HAD CONDUCTED HER ECONOMY PRUDENTLY. PERHAPS SHE MIGHT INDEED BE BETTER OFF IF SHE HAD NOT DONE SO. SPEAKING MORE GENERALLY, MRS GANDHI SAID A CRUCIAL STAGE NOW HAD BEEN REACHED WITHIN THE DEVELOPING WORLD AND IF DISSATISFACTION SPREAD WITHIN THE MOVEMENT WE WOULD ALL BE IN DIFFICULTIES.

7. MRS GANDHI WONDERED IF MRS THATCHER COULD TAKE A FURTHER INITIATIVE WHILE SHE WAS STILL IN THE SUMMIT CHAIR AND BEFORE THE WEST GERMANS TOOK OVER. SOMETHING ON CANCUN LINES WOULD BE VERY DESIRABLE EVEN THOUGH MRS GANDHI RECOGNISED THAT IT COULD NOT EMBRACE EVERYONE STRAIGHTAWAY. LATER ON, HOWEVER, SHE HOPED THAT THERE COULD BE A MOVE TO UNIVERSAL PARTICIPATION. ALEXANDER INTERJECTED THAT IN SOME RESPECTS THE WILLIAMSBURG DECLARATION HAD BEEN MORE FORTHCOMING ON AID FLOWS AND IDA. WHEN HE WAS HERE THE JAPANESE PRIME MINISTER HAD BEEN QUITE POSITIVE, AND HE DID NOT THINK WILLIAMSBURG HAD BEEN ALTOGETHER NEGATIVE.

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8. TICKELL SAID THAT THE DIFFERENCES WHICH MRS GANDHI DETECTED WERE LESS ON OBJECTIVES THAN ON METHODS. THE IMF AND WORLD BANK SEEMED THE BEST PLACES TO ACHIEVE THE NECESSARY ADJUSTMENTS. IN HER DISCUSSION WITH MR JHA MRS THATCHER HAD BEEN VERY CAUTIOUS ABOUT ANY NEW CANCUN INITIATIVE. SHE HAD UNDERTAKEN TO PASS ON MRS GANDHI'S THOUGHTS ON THE SUBJECT TO THE OTHER SUMMIT PARTICIPANTS, AND HAD DONE SO. BUT THE SUMMIT HAD NOT SHOWN ENTHUSIASM FOR THE IDEA. ON TRADE (WHICH THE INDIAN SIDE HAD NOT UP TO THAT POINT MENTIONED AT ALL) THERE HAD BEEN DISCUSSION AS AT WILLIAMSBURG. SUMMIT RESISTANCE TO PROTECTIONISM AND READINESS TO CONSULT ON A NEW TRADE ROUND HAD BEEN MADE MANIFEST. ON IDA, AS THE INDIANS KNEW, WE HAD BEEN DISAPPOINTED BY THE OUTCOME, AND WERE NOW READY TO CONTEMPLATE CONTRIBUTING TO A SUPPLEMENTARY FUND. WE DID NOT THINK A MONETARY CONFERENCE WAS THE BEST WAY OF TACKLING CURRENT PROBLEMS. WE WERE CONSCIOUS OF THE CONCERNS OF THE NON-ALIGNED COUNTRIES BUT OUR FEELING WAS THAT IT WAS BEST TO PROCEED CAUTIOUSLY STEP BY STEP WITHIN THE EXISTING INSTITUTIONS, AND AS THE SUMMIT DECLARATION MADE CLEAR, WORK TO ENSURE THAT THE BENEFITS OF RECOVERY WERE SPACED TO THE REST OF THE WORLD. TAKING UP A POINT OF MRS GANDHI'S, HE UNDERSTOOD THAT THE SUMMIT PARTICIPANTS DID NOT INTEND TO GIVE PRIVILEGES TO THE RELATIVELY RICH DEBTOR COUNTRIES AND NEGLECT THOSE WHO HAD KEPT THEIR AFFAIRS IN ORDER THROUGHOUT.

9. L K JHA REVERTED TO HIS PROPOSAL FOR PURSUING CONSULTATIONS OUTSIDE A SUMMIT FRAMEWORK WITH THE PARTICIPATION OF THE SECRETARY-GENERAL OF UNCTAD AND OF GATT AND WITH REPRESENTATION FROM IMF AND IBRD, BUT NOT DIRECTLY UNDER THE LATTER'S UMBRELLA. MRS GANDHI TOOK COMFORT FROM MRS THATCHER'S CONTINUED CHAIRMANSHIP OF THE SUMMIT GROUP UNTIL THE END OF THE YEAR, AND HINTED THAT SHE MIGHT REVERT TO A CANCUN-TYPE INITIATIVE BEFORE RESPONSIBILITY PASSED TO CHANCELLOR KOHL. SHE OBSERVED THAT INDIA HERSELF HAD GOOD RELATIONS WITH THE IMF AND APPRECIATED THE EFFORTS OF THE MANAGING DIRECTOR: BUT SOME OF THE CONDITIONS THE FUND IMPOSED WERE HARD ON OTHER COUNTRIES AND SHE DOUBTED IF THEY HAD THE CAPACITY TO DEAL WITH THE COMPLEX OF QUESTIONS WHICH NOW FACED US.

10. COMMENT: THE MEETING LASTED THREE QUARTERS OF AN HOUR AND MRS GANDHI'S APPROACH WAS PERSONALLY FRIENDLY THROUGHOUT. SHE LISTENED CAREFULLY TO WHAT TICKELL HAD TO SAY AND ACKNOWLEDGED THE EXTENT TO WHICH THE SUMMIT HAD TAKEN NOTE OF THE POINTS INDIA AND OTHER COUNTRIES HAD RAISED. BUT SHE OBVIOUSLY FELT THAT THE RESPONSE TO HER PROPOSALS HAD NOT BEEN SPECIFIC ENOUGH AND THAT WITHOUT FURTHER DISCUSSION OF A FURTHER CANCUN TYPE CONFERENCE BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES THERE

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WAS A DANGER OF STALEMATE AND INCREASING RADICALISM WITHIN THE NON-ALIGNED MOVEMENT. IT HAS NEVERTHELESS BEEN APPARENT FROM THE HIGH LEVEL OF TICKELL'S RECEPTION THAT THE INDIANS APPRECIATED MRS THATCHER'S DECISION TO SEND A PERSONAL EMISSARY. HIS VISIT WILL CERTAINLY HAVE HELPED TO CONVINCED THE INDIANS THAT WE TAKE THEIR PRE-OCCUPATIONS SERIOUSLY EVEN IF WE CANNOT GO AS FAR AS THEY WOULD LIKE.

SAMUEL

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ADVANCED

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CONFIDENTIAL

13 JUL 1984



UNOFFICIAL TRANSLATION

SUBJECT
a Master
dps

PRIME MINISTER'S

PERS. AGE

Brasília, 10th July 1984.

SERIAL NO. T.121A/84

Dear Prime Minister,

I thank Your Excellency for the courtesy of your letter of June ^{18th} 5th last. I was pleased to note that Your Excellency and the other Heads of Government present at the recent Summit Meeting in London devoted special attention to the economic problems brought about to a large number of Latin-American countries by the serious foreign debt situation.

The economic position of the Latin-American countries has considerably worsened during the last few months, which led me, together with other Heads of Latin-American Governments, to address a letter to the members of the Summit Meeting in London.

Your Excellency's remark that the above-mentioned letter, as well as the Quito Declaration and the Plan of Action of 14th January were always present in the thoughts of the Heads of State and Government at the London Economic Summit is, in my view, a positive development.

I have noted the progress made at the Summit Meeting, a good example of which is the awareness of the importance of the foreign debt. Although differences of opinion still exist, the progress achieved reveals the existence of perspectives for the dialogue and the understanding between the Governments of the countries represented at the Summit and those of the debtor countries. I must add that, more recently, at the Cartagena Conference, in Colombia, on the 21st and 22nd

of June last, eleven Latin-American countries set a series of principles and concrete propositions which, as we see it, represent a valid and realistic basis for the search of solutions to the problem of the excessive onus represented by the service of the debt to the Latin-American countries.

The Brazilian Government singles out the crisis of indebtedness and its economic, social and political implications as a source of unceasing concern. Urgent action towards a satisfactory handling of the problem has become all the more imperative and essential.

I believe that the results of the Cartagena Conference and the conclusions reached at the Summit in London have created specially favourable conditions for a more comprehensive and deeper dialogue between the Governments of the debtor and creditor countries. In its essence such dialogue should constitute a joint appraisal of the question of the foreign debt and its multiple ramifications. Its main objective should be that of considering constructive measures for the solution of the problem of the excessive onus of the service of the debt, so that development could be resumed in the debtor countries and expansion of international economy sustained.

I avail myself of the opportunity to renew to Your Excellency my sincere wishes for your personal happiness and the assurances of my highest consideration.

Signed) João Baptista de Oliveira Figueiredo

Clon 187. Les A 17

18 JUL 84

ST. LOUIS MO 63102

RELAÇÕES EXTERIORES

DAS

MINISTÉRIO



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T1267154

João Baptista de Oliveira Figueiredo
Presidente da República Federativa do Brasil

SUA EXCELÊNCIA A SENHORA
MARGARET THATCHER
PRIMEIRA-MINISTRA DO REINO UNIDO
DA GRÃ-BRETANHA E IRLANDA DO NORTE

Cara Primeira-Ministra,

Muito agradeço Vossa Excelência pela gentileza de sua carta do dia 5 de junho. Com satisfação verifiquei que Vossa Excelência e os demais Chefes de Governo presentes à recente reunião de Londres dedicaram especial atenção aos problemas econômicos causados, para numerosos países latino-americanos, pela grave situação do endividamento externo.

RS

O quadro econômico dos países latino-americanos tem-se agravado sensivelmente no curso dos últimos meses, o que me levou, juntamente com outros Chefes de Governo latino-americanos, a dirigir carta aos participantes do encontro de Londres.

Considero desenvolvimento positivo a sua observação de que o conteúdo da carta acima citada, assim como da Declaração de Quito e do plano de ação de 14 de janeiro estiveram sempre presentes nas considerações dos Chefes de Estado e de Governo presentes à reunião de Londres.

Anotei os avanços registrados no encontro de Londres, do que é exemplo o reconhecimento da importância da questão do endividamento externo. Embora ainda existam diferenças de percepções, os progressos alcançados revelam a existência de perspectivas para o diálogo e o entendimento entre os Governos dos países representados em Londres e dos países devedores. Devo acrescentar que, mais recentemente, em reunião realizada em Cartagena, Colômbia, em 21 e 22 de junho, onze países latino-americanos definiram um conjunto de princípios e propostas concretas que, a nosso ver, representam base válida e realista para a busca de soluções ao problema do excessivo ônus representado pelo serviço da dívida para os países latino-americanos.

O Governo brasileiro identifica como fonte de continuada preocupação a crise do endividamento e seus desdobramentos econômicos, sociais e políticos. Ações urgentes no sentido de tornar viável um encaminhamento satisfatório daquela questão são a cada dia mais imperiosas e essenciais.

Acredito que os resultados da reunião de Cartagena e as conclusões do encontro de Londres vieram criar condições especialmente favoráveis à realização de um diálogo mais abrangente e profundo entre os Governos de países devedores e credores. Na sua essência, esse diálogo deverá constituir uma reflexão conjunta sobre a questão do endividamento externo e seus múltiplos desdobramentos. Seu objetivo primordial seria o de considerar medidas construtivas para a solução do problema do excessivo ônus do serviço da dívida, para a retomada do desenvolvimento nos países devedores e a expansão sustentada da economia internacional.

RLB

Aproveito a oportunidade para renovar a Vossa Excelência os sinceros votos que formulo pela Sua felicidade pessoal e os protestos da minha mais alta consideração.

de Vossa Excelência,

João Figueiredo



R. Guerreiro

Palácio da Presidência, Brasília, em 10 de julho de 1984.

GRS 400

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FM CANBERRA 0300410Z JUL 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 608 OF 3 JULY

INFO IMMEDIATE JAKARTA, NEW DELHI, ROUTINE WASHINGTON, UKREP

BRUSSELS

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POST-SUMMIT BRIEFING: SIR C TICKELL'S CALL ON THE AUSTRALIAN PRIME MINISTER

1. ON 2 JULY I TOOK SIR C TICKELL TO CALL ON MR HAWKE. THE TREASURER, MR KEATING, WAS ALSO PRESENT. MR HAWKE GAVE TICKELL AN HOUR OF HIS TIME. THE PRIME MINISTER WAS IN HIS BEST FORM: SERIOUS, WELL-INFORMED, NOT SEEKING TO MAKE POLITICAL CAPITAL. IT WAS ALTOGETHER AN IMPRESSIVE PERFORMANCE.
2. TICKELL HAVING HANDED OVER THE PRIME MINISTER'S LETTER, SUMMARISED THE PROCEEDINGS AND BACKGROUND OF THE ECONOMIC SUMMIT AND, AT MR HAWKE'S REQUEST, SPOKE SUBSEQUENTLY ABOUT THE EC COUNCIL AT FONTAINEBLEAU. MR HAWKE MADE LARGELY STANDARD BUT HELPFUL COMMENTS. THESE COVERED TRADE, DEBT, EAST-WEST RELATIONS, ETC. HE EXPRESSED THE HOPE THAT OUR AMBITIONS FOR THE FUTURE OF COMMUNITY FINANCES AND THE CAP WOULD BE REALISED, BECAUSE THEY WERE OF CONCERN TO AUSTRALIA AS MUCH AS TO THE REST OF US. HE REMARKED THAT TRADE DEALINGS BETWEEN MEMBERS OF THE SUMMIT SOMETIMES DAMAGED THIRD PARTIES, HOWEVER PIOUS MIGHT BE THE ASPIRATIONS EXPRESSED. HE HAD IN MIND THE DISADVANTAGES WHICH AUSTRALIA HAS RECENTLY SUFFERED FROM BEEF EXPORT DEALS BETWEEN JAPAN AND THE UNITED STATES.
3. MORE SPECIFICALLY, IN REPLY TO POINTS MADE BY TICKELL, MR HAWKE EXPRESSED HIS GOVERNMENT'S FULL SUPPORT FOR THE ANTI-TERRORIST IDEAS WHICH WE HAVE CONFIDED TO THEM. HE SPOKE EQUALLY POSITIVELY ABOUT COCOM AND SAID THAT AUSTRALIA WOULD CONSIDER THE POSSIBILITY OF MEMBERSHIP. ON AUSTRALIAN MEMBERSHIP OF THE SUMMIT, MR HAWKE MADE THE THREE USUAL POINTS: FIRST, THAT AUSTRALIA ON QUOTE ECONOMIC AGGREGATES UNQUOTE WAS NEXT IN LINE TO JOIN; SECOND, THAT AUSTRALIA OF ALL ASPIRANT NATIONS WOULD FIT IN THE FAMILY BEST; AND, THIRD THAT AUSTRALIA'S GEOGRAPHIC POSITION WOULD PROVIDE NEEDED BALANCE IN THE SUMMIT COMPOSITION. HE SAID THAT AUSTRALIA WOULD PURSUE THE QUESTION OF MEMBERSHIP FIRMLY BUT, AS IN THE PAST, NOT STRIDENTLY.
4. MR KEATING ASKED TICKELL ABOUT MULTI-ANNUAL DEBT RESCHEDULING (AS INDEED HAD OFFICIALS EARLIER IN THE DAY). HE ACCEPTED TICKELL'S EXPLANATION OF WHAT LAY BEHIND THIS PHRASE WITH SOME RELIEF. HE AND MR HAWKE BOTH AGREED WITH TICKELL'S EXPOSITION OF UNITED STATES' INTENTIONS AND PROSPECTS IN THE DEFICIT AND INTEREST RATE FIELDS.

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5. THIS WAS MR HAWKE AT HIS MOST CONSTRUCTIVE. TICKELL'S INTERVIEW WITH HIM WILL HAVE MUCH BENEFITTED ANGLO-AUSTRALIAN RELATIONS, AND I AM GRATEFUL TO TICKELL FOR THE SKILL WITH WHICH HE CONDUCTED IT, AS INDEED HIS OTHER CONVERSATIONS DURING HIS SHORT STAY IN CANBERRA.

MASON

(PALACE)
FCO/WH

SPD

CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

28 June, 1984

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 114/84

cc. MATTEL
OPS

Dear Prime Minister,

When I wrote to you on 30 May I promised to send a personal representative to India to brief you on the outcome of the London Economic Summit. You have kindly agreed that Sir Crispin Tickell should call on you on 9 July.

As I told the House of Commons on 12 June, we had a workmanlike and constructive meeting which achieved a very large measure of agreement on basic objectives, on both the economic and political fronts. Your letter, and the other messages we received, were particularly valuable in helping us to put the problems we considered in the wider perspective. The Economic Declaration which sets out our overall approach and which includes a series of points for action over the next 12 months is, in my view, a very positive and comprehensive statement. I am sure that you and your advisers will already have had an opportunity to read it and I have asked Sir Crispin to give you a frank and detailed account.

Sir Crispin will also be seeing Mr. Hawke in Canberra and the representative of ASEAN in Jakarta. I shall much look forward to reading his report of his meeting with you.

Warm personal regards

Yours sincerely

Raymond Baxter

Her Excellency Shrimati Indira Gandhi

LES Polien

PRIME MINISTER
RECTORAL MESSAG
SERIAL NO. 11-11



10 DOWNING STREET

File RM
cc: fco
Delivered
by
S.S.C. Tickell

THE PRIME MINISTER

28 June, 1984

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 113 / 84**

MASTER
ofs

Dear Prime Minister,

When I replied to your letter of 18 May I said I would arrange to send Sir Crispin Tickell to brief you on the outcome of the London Economic Summit. I gather that you have kindly agreed that he should call on you on 2 July.

As I said in the House of Commons on 12 June, we had a workmanlike and constructive meeting which achieved a very large measure of agreement on basic objectives, on both the economic and political fronts. There were naturally areas in which one or other of us would have liked to have gone further, but the Economic Declaration which set out a global approach and which includes a series of points for action over the next 12 months is, in my view, a very positive and comprehensive statement.

Sir Crispin will also be going on to meet representatives of ASEAN in Jakarta and to see Mrs. Gandhi in New Delhi. I shall much look forward to reading his report of his meeting with you.

Best wishes,

Yours sincerely

The Hon. Mr. R.L.J. Hawke, AC, MP.

Raymond Shaker

B.R.

MR. BARCLAY

SUMMIT BRIEFING

Please see attached papers. My interpretation of the Prime Minister's note is that the letters for Mr. Hawke and Mrs. Gandhi can be typed for her signature as they stand. But the Foreign Office should also have ready by Wednesday a separate letter - which might or might not be handed over by Sir Crispin Tickell - on the subject of the Sikhs. Could you please pursue this.

Duty Clerk
PP CDP

25 June 1984

MR. POWELL

Prime Minister
I think that it would be
best to keep the letters
on Sikhs & Tamils
~~separate~~ from those on
the Economic Summit.

Messages to Mrs. Gandhi

two ~~big~~ letters attached?
Agree to sign
C D P
26/6

I have had the messages about the Economic Summit to Mr. Hawke and Mrs. Gandhi typed up, and they are below.

I understand from the Foreign Office that they are intending to let us have draft replies for the Prime Minister to send to Mrs. Gandhi's two messages on Sikhs and Tamils no later than the end of this week. On this timetable, they could be delivered by our High Commissioner before Sir Crispin arrives in India.

It seems to me that this course of action might meet the Prime Minister's concern. But you will wish to consider.

David

DAVID BARCLAY

25 June, 1984

PRIME MINISTER

POST SUMMIT BRIEFING

Crispin Tickell is leaving straight after Fontainebleau to brief Mr. Hawke and Mrs. Gandhi on the Economic Summit on your behalf.

A He wants to take a letter from you to each of them as his entry ticket. I believe that you, rightly, do not normally approve of messages in these circumstances. But since it is a case of an official seeing Prime Ministers, I think it would be appropriate this time.

It is also suggested that you should see him before departure. There will be plenty of time for that on Monday and Tuesday!

Agree messages?

CSP

I think Mrs. Gandhi will also expect a letter which gives some reply about the Sinks. Clearly that will be on her mind much more than the Economic Summit
not

22 June 1984

CCPC



Foreign and Commonwealth Office

London SW1A 2AH

22 June 1984

*Dear Charles,*Post-Summit Briefing

As you know, the Prime Minister has asked Sir Crispin Tickell to give a special post-Summit briefing to the Prime Ministers of Australia and India. He departs on 28 June.

The Prime Minister acknowledged the messages from Mr Hawke and Mrs Gandhi. But the Prime Minister may think it appropriate to send further brief letters which Sir Crispin could deliver personally. I enclose copies of the earlier correspondence and two draft letters. It would also add authenticity to his role as a personal emissary if the Prime Minister could spare a few minutes to see Sir Crispin before his departure.

Sir Crispin will also see the Indonesian Foreign Minister, Dr Mochtar Kusumaatmadja, in Jakarta, where he will hand over a letter from the Secretary of State in reply to a message sent before the Summit by Dr Mochtar in his capacity as Chairman of the ASEAN Standing Committee.

I am copying this letter and enclosures to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

*Yours ever,**Len Appleyard*

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

A

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Mrs Indira Gandhi
Prime Minister of India
NEW DELHI

Secret

Copies to:

Confidential

(to be dated 27 June)

Restricted

Unclassified

PRIVACY MARKING

SUBJECT:

.....In Confidence

When I wrote to you on 30 May I promised to send ^a ~~an~~ *personal representative* emissary to India to brief you on the outcome of the London Economic Summit. I gather that you have kindly agreed that Sir Crispin Tickell should call on you on 9 July.

CAVEAT.....

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Enclosures—flag(s).....

Sir Crispin will also be seeing Mr Hawke in Canberra and the representatives of ASEAN in Jakarta. I shall much look forward to reading his report of his meeting with you.

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

The Hon Robert Hawke AC MP
Prime Minister of Australia
CANBERRA

Copies to:

(To be dated 27 June)

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

When I replied to your letter of 18 May I said I would arrange to send Sir Crispin Tickell to brief you on the outcome of the London Economic Summit. I gather that you have kindly agreed that he should call on you on 2 July.

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Sir Crispin will also be going on to meet representatives of ASEAN in Jakarta and to see Mrs Gandhi in New Delhi. I shall much look forward to reading his report of his meeting with you.

Enclosures—flag(s).....

Text of Mrs Gandhi's letter to the Prime Minister

New Delhi,
May 16, 1984

Last year, after the Nonaligned Summit I wrote to you, drawing your attention to its recommendations on the current economic crisis as well as for longer term structural changes.

There have been several discussions to find a basis for the North-South dialogue. None has yielded any positive results. There is general despondency amongst developing countries because their plight is worsening, and threatening prosperity and stability everywhere. The problems of the industrialised countries are also not entirely over. In some of them, there are signs of recovery but it remains weak and uncertain and we have yet to see its impact on developing countries. In an inter-dependent world, recovery in the North will be difficult to sustain without growth in the South.

Hasn't the time come for us to give some impetus to such a dialogue? For instance, a fresh initiative could be considered on the question of money and finance. The functioning of the international monetary and financial system has been under close scrutiny in different forums, including the Williamsburg Summit and the Commonwealth Heads of Government Meeting. In pursuance of a decision taken by the Nonaligned Summit in New Delhi to call an International Conference on Money and Finance for Development, we set up a high level group of experts, which has just finalized its report. Such a Conference would be possible only after a thorough preparatory process, which will take time. Therefore, our immediate concern is to break through the impasse and find a way of beginning some dialogue between the North and the South. Time is not on our side. The different summit processes would eventually need to come together.

The urgent need to implement a programme of immediate measures and to launch global negotiations remains. These issues have been discussed on several occasions, notably at UNCTAD VI and during the 38th session of the UN General Assembly.

Both these long-term and the short-term issues are probably also engaging your attention and may figure in your deliberations at the forthcoming London Summit. I am asking my personal emissary Mr.L.K.Jha to explain our suggestions to your Government. There will be other ideas also. We are open to suggestions and I should be glad to know your own views. I also hope that our concerns will be taken into consideration in the course of your talks in London.

With regards and good wishes,

The Rt. Hon. Margaret Thatcher,
Prime Minister of Britain,
London.



AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000

THE HIGH COMMISSIONER

18 May 1984

My dear Prime Minister,

Mr Hawke has asked me to pass to you, in your capacity as host to the Western Economic Summit, the following advance text of a letter dated 18 May:

Text begins:

My dear Margaret,

Australia considers the forthcoming Western Economic Summit, to be held in London from 7-9 June 1984, to be of crucial significance for the international community. Most importantly it comes at a critical juncture in the efforts by all of us to secure a durable and more broadly based international economic recovery.

Australia, as my Foreign Minister Bill Hayden would have indicated to you earlier this week, would want to see the Summit promote policies to ensure that the present international recovery is sustained and be of benefit to both developed and developing countries. The problems of unemployment, inflation, debt and continued interest rate pressures require realistic policy responses. Australia would urge the Summit participants, in conformity with their global responsibilities, to adopt a responsible, longer term perspective which recognises global interdependence and the interests of developing countries, debtors and middle countries such as Australia.

Australia attaches particular importance to the future shape of the world trading regime. We think it particularly necessary that the Summit promote a more open trading system through the liberalisation of trade.

As you know I have been urging countries of the Asia Pacific region to consider carefully their interests in a possible new multilateral round of trade negotiations. Following agreement by their respective

.../2

countries, Senior Trade Officials from Australia, Brunei, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Republic of Korea, Singapore and Thailand met informally from 30 April - 1 May 1984 in Denpasar, Indonesia, to discuss how countries of the Western Pacific region might approach the suggestion that there should be a new round of multilateral trade negotiations. More specifically the meeting sought to identify what countries of the region might expect of any new round and to isolate the concerns and apprehensions they would want taken into account in any decision to proceed with a new round.

An open trading system was acknowledged to be essential both to the improvement of the international economy and to the continued economic dynamism of the region. Those participating in the meeting agreed that, with strengthening economic recovery, now would be a good time to implement trade liberalisation.

These and other specific points arising out of the Denpasar meeting have since been considered by the ASEAN Economic Ministers and have, I believe, been the subject of a separate communication to you by them.

Australia, for its part, shares the widely held view of participants at the Denpasar meeting that the issue of trade liberalisation was not satisfactorily addressed either in the GATT Ministerial Meeting of November 1982 or in the GATT Work Programme which emerged from it. Effective trade negotiations can only proceed on the basis of the principle of trade liberalisation which improves access particularly in developed country markets.

Meaningful benefits, especially for developing countries, depend primarily on an unequivocal commitment on the part of the three major trading blocs to negotiate to facilitate expanded access to their markets, given the volumes of their trade in the international context.

Accordingly, it is Australia's view that, in order for a new round of trade negotiations to receive wide support :

- 1) Commitments involving trade liberalisation undertaken in the Tokyo round must move to finality within the agreed timeframe.
- 2) Any new round should not impede the rate of progress in fulfilling the objectives of the 1982 GATT Ministerial Meeting and the Work Programme which was agreed at that meeting.

- CONFIDENTIAL
- 3) The major industrialised countries should develop formal negotiating commitments endorsed by their governments, to reduce existing barriers to trade and to preclude the introduction of new impediments to trade.
 - 4) The issues for negotiation in trade liberalisation in any new round must include
 - textiles
 - tropical products
 - agriculture
 - safeguards
 - subsidies
 - non-tariff barriers
 - structural adjustment
 - tariff escalation.
 - 5) While discussions are proceeding on the possibility of a new round, countries should agree to halt the introduction of any new or additional protectionist measures.

Many of these views were strongly reaffirmed in the recent Trade Ministers Meeting convened by the US Special Trade Representative Brock in Washington between 10-12 May 1984. That meeting agreed that a new round of trade negotiations, provided it happened soon, would extend important opportunities for developing country markets while avoiding the need for defensive trade policies in their own markets.

There was a general sense at the Washington Meeting that the GATT Work Programme was not making satisfactory progress. The Meeting also agreed that completing the Work Programme was an important priority. It was recognised that if the Work Programme was to form a solid basis for a new round, stronger political impetus and commitment would be needed. In that regard it was suggested that another meeting be held in Geneva in the next few months to give direction to these pressing GATT issues. Australia, for its part, attaches considerable importance to the success of such a meeting and would look to all Summit participants to strongly endorse its purpose.

What is needed at this juncture is strong leadership by the industrial countries represented at the Summit.

More specifically, the GATT needs more political direction in the areas of safeguards/structural adjustment, non tariff measures and trade areas of particular importance to the developing countries. Australia, for its part, would also attach particular importance to issues involving trade in agriculture given its prime significance and implications for the orderly management of international trading arrangements.

Australia, as an industrialised country, is prepared to commit itself to the full implications of a genuine process of multilateral trade liberalisation, necessarily carrying with it the need for appropriate measures of domestic structural adjustment. We think it important that all countries, and particularly the major industrial countries, accept their responsibility in this regard and urge all Summit participants to be quite specific in their commitment to this process.

Yours sincerely,

(R.J.L. Hawke)

Text ends.

Yours sincerely

A. R. Parsons

A.R. Parsons

The Rt Hon. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
LONDON SW1

22 JUN 1984



cc MASTER
OPS

SIA

SUBJECT



FILE

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

19 June, 1984

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 1107/84**

Your Prime Minister,

Thank you for your message of 25 May with which you sent a copy of the declaration on EFTA cooperation adopted by EFTA Heads of Government following their meeting in Sweden on 23 May. It was good of you to let me have it in advance of the London Economic Summit.

Now that the Summit is over, I should like to return your helpful gesture by sending you a copy of the declaration which was agreed here. The declaration covers the whole range of economic problems currently confronting the world economy.

I should also like to draw to your attention the views of the Summit countries on the need to sustain and spread the benefits of the present recovery and to strengthen the open trading system. I was glad to see that there are many points of similarity between the EFTA declaration and that of the Economic Summit.

Yours sincerely
Margaret Thatcher

His Excellency Mr. Olof Palme

EW



FILE

JR

10 DOWNING STREET

THE PRIME MINISTER

19 June, 1984

Dear Lord Quinton

You will have seen that we agreed on a Statement on Democratic Values at the London Economic Summit.

I am writing to thank you for your help. The wording went through many mutations after you provided your draft, but your contribution was a very valuable foundation which greatly helped us in getting our thoughts in order.

Yours sincerely
Margaret Thatcher

Lord Quinton

RM

NO3565

SIR ROBERT ARMSTRONG

cc Mr Goodall

Mr Powell
This may be of interest
to the Home
new minister!
H. Colvin
Thank You
AS
17/6

FOLLOW-UP MEETING TO DISCUSS POLITICAL SUBJECTS AFTER THE LONDON ECONOMIC SUMMIT ("INSTITUTIONALISATION")

I have discovered from the Foreign and Commonwealth Office that, although the Americans decided against raising "institutionalisation" formally at the Summit, Mr Shultz himself raised the matter with his fellow Foreign Ministers at the Summit. He apparently asked each of them whether they would be willing to attend a meeting of the Seven in the margins of the United Nations General Assembly in New York on 27 September and all agreed in principle to do so. Knowledge of this planned meeting is being held very tight although a version of it has already leaked from Japanese sources. The meeting is to be under United States chairmanship; Sir Geoffrey Howe accepted this because it helps to attenuate any institutional connection with the Summit and thus meet French susceptibilities. The meeting is likely to include discussion of East/West contacts and terrorism.

2. I have asked the Foreign and Commonwealth Office to copy relevant telegrams to you and they have agreed to do so. They assure me that No 10 is being kept informed.

D H Colvin
 D H COLVIN

18 June 1984

CONFIDENTIAL



Handwritten initials and signature

10 DOWNING STREET

From the Private Secretary

18 June 1984

London Economic Summit
Messages from Latin American Presidents

With your letter of 15 June you enclosed a draft reply from the Prime Minister to the messages about the London Economic Summit from six Latin American Presidents. I now enclose signed replies to each of them from the Prime Minister together with a reply to the message to the President of Panama. I should be grateful if you could arrange for delivery.

I am copying this letter to David Peretz (HM Treasury).

Handwritten initials

Len Appleyard Esq
Foreign and Commonwealth Office

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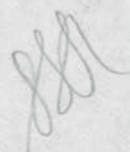
Handwritten initials

18 June 1984

Thank you for your letter of 12 June enclosing a message to the Prime Minister from the Socialist International about the Economic Summit. I agree that a routine acknowledgement is all that is necessary.

C.D. POWELL

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.



SUBJECT

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File

10 DOWNING STREET

THE PRIME MINISTER

18 June 1984

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 106/84

Your Excellency

Thank you for your message of 7 June which reached me during the London Economic Summit. The Heads of State and Government took due account of it, together with the message from the seven Latin American Presidents to which you refer. We were also aware of the contents of the Quito Declaration and Plan of Action.

You will have seen that the Declaration adopted at the Summit devoted much attention to the issue of international debt. My colleagues and I thought it would be helpful to put forward proposals which we believe could be effective in contributing towards the resolution of debt problems.

The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I believe these elements of the London Declaration express the common interests of the international community.

Yours sincerely

Rajiv Gandhi

His Excellency Dr. Jorge Illueca

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10 DOWNING STREET

THE PRIME MINISTER

18 June 1984

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.105/84

Dear Mr. President,

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I brought it to the attention of the Heads of State and of Government taking part in the Summit, and it was much in our thoughts during our discussions. We also had in mind the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit recognised the great importance of the issue of international debt and contained a number of proposals which my colleagues and I believe will be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open co-operation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I am sure you will agree that these elements of the London Declaration express the common interests of the international community.

Yours sincerely
Margaret Thatcher

H.E. Dr. Belisario Betancur Cuartas

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cc Ops
Hastings



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cc/Hast
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10 DOWNING STREET

18 June 1984

THE PRIME MINISTER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.104/84

Dear Mr. President,

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I brought it to the attention of the Heads of State and of Government taking part in the Summit, and it was much in our thoughts during our discussions. We also had in mind the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit recognised the great importance of the issue of international debt and contained a number of proposals which my colleagues and I believe will be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open co-operation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I am sure you will agree that these elements of the London Declaration express the common interests of the international community.

Yours sincerely
Margaret Thatcher

H.E. Senhor General Joao Baptista de Oliveira
Figueiredo, KBE

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10 DOWNING STREET

THE PRIME MINISTER

18 June 1984

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. 1103/84

Dear Mr. President,

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I brought it to the attention of the Heads of State and of Government taking part in the Summit, and it was much in our thoughts during our discussions. We also had in mind the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit recognised the great importance of the issue of international debt and contained a number of proposals which my colleagues and I believe will be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open co-operation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I am sure you will agree that these elements of the London Declaration express the common interests of the international community.

Yours sincerely

Margaret Thatcher

H.E. Dr. Oswaldo Hurtado Larrea

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10 DOWNING STREET

18 June 1984

THE PRIME MINISTER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.102184

Dear Mr. President,

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I brought it to the attention of the Heads of State and of Government taking part in the Summit, and it was much in our thoughts during our discussions. We also had in mind the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit recognised the great importance of the issue of international debt and contained a number of proposals which my colleagues and I believe will be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open co-operation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I am sure you will agree that these elements of the London Declaration express the common interests of the international community.

Yours sincerely
Margaret Thatcher

H.E. Senor Arquitecto Fernando Belaunde Terry

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HMT

10 DOWNING STREET

THE PRIME MINISTER

18 June 1984

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.101/84**

Dear Mr. President,

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I brought it to the attention of the Heads of State and of Government taking part in the Summit, and it was much in our thoughts during our discussions. We also had in mind the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit recognised the great importance of the issue of international debt and contained a number of proposals which my colleagues and I believe will be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open co-operation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I am sure you will agree that these elements of the London Declaration express the common interests of the international community.

Yours sincerely

Margaret Thatcher

H.E. Dr. Jaime Lusinchi

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10 DOWNING STREET

18 June 1984

THE PRIME MINISTER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 1100/84

Dear Mr. President

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I brought it to the attention of the Heads of State and of Government taking part in the Summit, and it was much in our thoughts during our discussions. We also had in mind the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit recognised the great importance of the issue of international debt and contained a number of proposals which my colleagues and I believe will be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open co-operation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I am sure you will agree that these elements of the London Declaration express the common interests of the international community.

Yours sincerely

Margaret Thatcher

H.E. Mr. Miguel de la Madrid Hurtado

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GRS 550

CONFIDENTIAL

FM WASHINGTON

TO PRIORITY FCO

TELEGRAM NUMBER 1889 OF 15 JUNE

INFO PRIORITY MOSCOW UKDEL NATO

ROUTINE OTHER NATO POSTS UKDIS GENEVA UKMIS NEW YORK UKDEL VIENNA

UKDEL STOCKHOLM MGDUK



MY TELNGS 1874-6: REAGAN ON SUMMITS
SUMMARY

1. THE PRESIDENT'S PREPARED STATEMENT AT HIS NEWS CONFERENCE LAST NIGHT BROUGHT OUT HIS VIEW OF THE LONDON SUMMIT AS A CONSIDERABLE SUCCESS. BUT SUBSEQUENT QUESTIONING, AND PRESS REPORTS, CONCENTRATE ALMOST EXCLUSIVELY ON THE POSSIBILITY OF A US/SOVIET SUMMIT. THE PRESIDENT'S CHOICE AND HANDLING OF THE VARIOUS TOPICS WAS DECIDELY PRE-ELECTORAL.

LONDON SUMMIT

2. THE PRESIDENT SUMMED UP THE MESSAGE OF THE LONDON SUMMIT AS BEING THAT THE SEVEN MAJOR INDUSTRIALISED DEMOCRACIES AGREED THAT THE ECONOMIC POLICIES BEING PURSUED SINCE 1981 WERE WORKING: QUOTE WHILE WE CONTINUE TO FACE PRESSING CHALLENGES, WE ARE ON THE RIGHT TRACK UNQUOTE. HE DID NOT REFER TO DISCUSSION OF THE BUDGET DEFICIT/INTEREST RATES, OR OF INTERNATIONAL DEBT OR TRADE ISSUES.

3. THE LONDON SUMMIT ISSUES ARE NO LONGER FRONT PAGE NEWS HERE. ALTHOUGH LAST NIGHT'S PRESS CONFERENCE WAS THE FIRST AFTER THE SUMMIT, NOT A SINGLE QUESTION ON THEM WAS RAISED. THIS OF COURSE SUITS THE PRESIDENT. THE SATURATION COVERAGE OF THE ACTUAL EVENT ON TELEVISION HAS BEEN HARDLY TARNISHED BY THE FEW CARPING COMMENTS (FEWER IT APPEARS THAN IN OTHER CAPITALS) WHICH HAVE EMERGED IN THE PRESS. I KNOW FROM WHITE HOUSE, (DEWER) STATE (SEITZ) AND OTHER ADMINISTRATION CONTACTS THAT THE PRESIDENT IS PARTICULARLY GRATEFUL TO THE PRIME MINISTER FOR SO MANAGING THE SUMMIT AS TO AVOID AN EXTENDED 6:1 CONFRONTATION ON THE DEFICIT ISSUE. THE WHITE HOUSE REGARD THE LONDON VISIT AS AN ELECTORAL PLUS FOR THE PRESIDENT.

US/SOVIET SUMMIT?

4. THE SIGNIFICANCE FOR US/SOVIET RELATIONS OF LAST NIGHT'S HINTS ABOUT A POSSIBLE SUMMIT MEETING WITH CHERNENKO IS NOT YET CLEAR. WE SHALL BE EXPLORING (IN THE CONTEXT OF YOUR TEL NO 1105) THE POSSIBILITY THAT THE ADMINISTRATION IS GENUINELY SHIFTING ITS POSITION. BUT IT SEEMS CLEAR THAT THE PRESIDENT'S REMARKS SHOULD BE SEEN LARGELY IN THE US POLITICAL/ELECTORAL CONTEXT, AND THAT THEIR AMBIGUITY WAS DELIBERATE.

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5. THE PRESIDENT HAS LONG BEEN CONCERNED TO PRESENT HIMSELF AS QUOTE A PEACE CANDIDATE UNQUOTE, WILLING AND ABLE TO DO BUSINESS WITH MOSCOW AS SOON AS THE RUSSIANS ARE WILLING TO REOPEN THE DIALOGUE. HIS POSITION RISKED BEING OUTFLANKED DOMESTICALLY BY CHERNENKO'S CALL FOR EARLY TALKS ON SPACE ARMS CONTROL ISSUES, BY ZAMYATIN'S REMARKS YESTERDAY, AND - PROBABLY MOST SIGNIFICANTLY IN THE WHITE HOUSE'S VIEW - BY THE PROPOSALS MADE EARLIER THIS WEEK BY PROMINENT REPUBLICAN SENATORS BAKER AND PERCY THAT HE SHOULD SEEK AN EARLY SUMMIT WITH CHERNENKO, AND SHOULD ESTABLISH AN ANNUAL PATTERN OF SUCH SUMMITS. (THIS, IN TURN, IS A NIXON IDEA.) ALL THE DEMOCRATIC PRESIDENTIAL CONTENDERS ARE ALREADY PUBLICLY COMMITTED TO A POLICY OF SEEKING REGULAR SUMMIT MEETINGS: THE ADMINISTRATION HAVE UNTIL NOW DEBUNKED THE IDEA, BUT ITS ESPOUSAL WITHIN HIS OWN PARTY, AS THE CAMPAIGN HOTS UP, MUST HAVE CAUSED THE PRESIDENT CONCERN.

6. STRICTLY SPEAKING, NOTHING SAID LAST NIGHT ABOUT THE US ATTITUDE TOWARDS A SUMMIT WAS NEW: AND THE PRESIDENT AVOIDED ANSWERING QUESTIONS ABOUT POSSIBLE TIMING. WHAT WAS NEW WAS HIS TONE, THE CARE WITH WHICH HE PUT HIMSELF IN A POSITION TO AGREE TO A SUMMIT WITHOUT POSING ANY DIFFICULT CONDITIONS, AND THE FACT THAT HE DID NOT SIMPLY ARGUE THAT IT TAKES TWO TO NEGOTIATE.

WRIGHT

STANDARD (PALACE)

NAD
SOVIET D

(Repetition to REYKJAVIK
referred for departmental decision,
repeated as requested to other posts.)

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Foreign and Commonwealth Office

London SW1A 2AH

15 June 1984

Dear Charles,

London Economic Summit: Message to the Prime Minister
from EFTA

The Swedish Ambassador sent to the FCO on 8 June a message from the Prime Minister of Sweden dated 25 May.

As the Summit was already in progress, and bearing in mind the nature of the message, it seemed unnecessary to trouble the Prime Minister with this during the Summit itself. The message from the Swedish Prime Minister simply covered a copy of the declaration issued by EFTA Heads of Government following their meeting in Sweden on 23 May.

The Prime Minister may wish to acknowledge this message. I enclose a draft. We shall be happy to arrange delivery of this if the Prime Minister agrees.

I am copying this letter to David Peretz (HM Treasury), Callum McCarthy (DTI) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: His Excellency Mr Olof Palme
Prime Minister of the Kingdom of
Sweden

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

*P1. type for
PM's signature &
return to me*

EDP.

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your message of 25 May with which you sent a copy of the declaration on EFTA cooperation adopted by EFTA Heads of Government following their meeting in Sweden on 23 May. It was good of you to let me have it in advance of the London Economic Summit.

CAVEAT.....

Now that the Summit is over, I should like to return your ~~kindness~~ ^{*helpful gesture*} by sending you a copy of the declaration which was agreed here. The declaration covers the whole range of economic problems currently confronting the world economy.

I should also like to draw to your attention the views of the Summit countries on the need to sustain and spread the benefits of the present recovery and to strengthen the open trading system. I was glad to see that there are many points of similarity between the EFTA declaration and that of the Economic Summit.

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CD.

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Foreign and Commonwealth Office

London SW1A 2AH

15 June 1984

Dear Charles,

London Economic Summit:
Messages from Latin American Presidents

In my letter of 5 June I said we would recommend to the Prime Minister after the Summit whether she should reply to the message from the seven Latin American Presidents - Brazil, Mexico, Peru, Colombia, Ecuador, Venezuela and Argentina - delivered to Sir Crispin Tickell on 5 June. *see p 16*

During the Foreign Ministers' discussions at the Summit the Foreign Secretary was asked whether the Prime Minister would reply to the messages. Our recommendation is that the Prime Minister should reply to all but the Argentine, and I enclose a draft. In our view it would be useful to emphasise to the Latin American Presidents the elements in the London Economic Summit Declaration concerning the handling of debt problems and to demonstrate thereby that the Summit had indeed taken their concerns into account. The message from the Latin American Presidents asks for a constructive dialogue between creditors and debtors and an atmosphere of open cooperation. The elements on debt in the London Summit Declaration are a contribution to both those aims and we should take due credit for them. But we can only support a dialogue between creditors and debtors individually and on a case by case basis. We would not want to see the emergency of anything resembling a debtors' cartel.

The message from the Latin American Presidents was released to the press. If the Latin American Presidents wished to do the same with the Prime Minister's reply we would see no difficulty. But we do not think it necessary to give the message publicity ourselves.

The President of Panama, who is also President of the 38th General Assembly of the United Nations, sent a separate

/message

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message to the Prime Minister and other Summit participants on 7 June associating himself with the joint message sent by the Latin American Presidents. We arranged for his message to be available to the Prime Minister on 8 June.

When the Prime Minister writes to the six Presidents it would be right for her to acknowledge this message also. I enclose a draft accordingly.

Sir Crispin Tickell has already given a background briefing to the Ambassadors of the Latin American countries concerned. They were anxious to establish that this did not count as a reply to their Presidents' personal message to the Prime Minister.

I am copying this letter to David Peretz in HM Treasury.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Presidents of: Brazil ✓
Mexico ✓
Peru ✓
Colombia ✓
Ecuador ✓
Venezuela ✓

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your message of 5 June which reached me the day before the London Economic Summit. I drew it to the attention of the Heads of State and of Government taking part in the Summit, and it was ^{brought} in our minds ^{thought} throughout our discussions. We were also aware of the contents of the Quito Declaration and Plan of Action published on 14 January.

You will have seen that the Declaration adopted at the Summit ^{recognised the great importance of} devoted much attention to the issue of international debt. ^{and contained a number of} My colleagues and I ^{thought} it would be helpful to put forward proposals which ^{the participants} we believe could be effective in contributing towards the resolution of debt problems.

I welcome what you say about establishing an atmosphere of open cooperation. The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave

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my colleagues will believe

Enclosures—flag(s).....

a strong impetus to current efforts to resist and
am sure you will agree with,
reverse protectionist measures. I believe these
elements of the London Declaration express the common
interests of the international community.

CD
2

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM

Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: His Excellency Dr Jorge Illueca
President of the Republic of
Panama

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your message of 7 June which reached me during the London Economic Summit. The Heads of State and Government took due account of it, together with the message from the seven Latin American Presidents to which you refer. We were also aware of the contents of the Quito Declaration and Plan of Action.

You will have seen that the Declaration adopted at the Summit devoted much attention to the issue of international debt. My colleagues and I thought it would be helpful to put forward proposals which we believe could be effective in contributing towards the resolution of debt problems.

The Summit participants were anxious to ensure that the present recovery among industrial countries should not only be sustained at home but spread to the rest of the world. Recognising the importance of trade in this process, the Summit also gave a strong impetus to current efforts to resist and reverse protectionist measures. I believe these elements of the London Declaration express the common interests of the international community.

Enclosures—flag(s).....

ECON POL Econ Summit

Pt 17

GRS 370

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FM BONN 131215Z JUN 84

TO PRIORITY FCO

TELEGRAM NUMBER 577 OF 13 JUNE

INFO ROUTINE PARIS, OTTAWA, ROME, TOKYO, WASHINGTON, UKREP BRUSSELS
INFO SAVING UKDEL OECD, C-GS IN THE FRG

LONDON ECONOMIC SUMMIT: GERMAN MEDIA REACTIONS

ms

SUMMARY

1. GENERAL REACTION THAT THE OVERALL RESULT WAS DISAPPOINTINGLY MEAGRE. SOME PAPERS ALLOW MODEST SUCCESS FOR STATEMENT ON THIRD WORLD DEBT.

DETAIL

2. THE SUMMIT ACHIEVED EXTENSIVE COVERAGE AND COMMENT (MUCH OF IT FRONT PAGE) AND WAS THE LEAD ITEM IN TV NEWS BROADCASTS THROUGHOUT ITS DURATION. ALTHOUGH KOHL IS REPORTED AS SAYING THAT HE WAS CONTENT WITH THE MEETING, AND THAT THE GERMAN POSITION WAS WIDELY REFLECTED IN ITS RESULTS, THE PRESS IS GENERALLY MORE SCEPTICAL. THE PRO-GOVERNMENT FRANKFURTER ALLGEMEINE ZEITUNG (FAZ) IS REPRESENTATIVE WHEN IT SPEAKS OF 'NO WORTHWHILE SUBSTANCE' AND DEPLORES THE EXTENT TO WHICH 'ELECTORAL STRATEGISTS' TOOK CHARGE. ALTHOUGH SEVERAL PAPERS ALLOW THE USEFULNESS OF THE OPPORTUNITY TO EXCHANGE PERSONAL VIEWS, ONLY THE CONSERVATIVE DIE WELT, UNDER THE HEADLINE OF 'A USEFUL MEETING' THINKS THE TIME SPENT THEREIN WELL JUSTIFIED.

3. PRIOR TO THE SUMMIT THE MEDIA WERE CLEARLY EXPECTING A HARD GERMAN LINE ON US INTEREST RATES. POST-SUMMIT REPORTING SUGGESTS THAT THE GERMAN LINE WAS LESS CONFRONTATIONAL. CHANCELLOR KOHL IS REPORTED AS SAYING THAT WHILE HE HAD NOT SOUGHT TO PUT THE US IN THE DOCK, HE HAD NONETHELESS SPOKEN FIRMLY TO PRESIDENT REAGAN. THIS LINE IS GENERALLY ENDORSED ALTHOUGH THE LEFT WING FRANKFURTER RUNDSCHAU IS VERY CRITICAL OF THE SUMMIT'S CONCLUSIONS ON THIS SCORE.

4. ON THIRD WORLD DEBT A FEW PAPERS THINK THE RESULT 'BETTER THAN EXPECTED' (HANDELSBLATT) BUT SUCH APPROVAL AS THERE IS TENDS AT BEST TO BE GRUDGING. THE CENTRE AND LEFT WING PAPERS SPEAK OF A MISSED OPPORTUNITY.

5. SEVERAL PAPERS GO INTO CONSIDERABLE DETAIL ON THE VARIOUS DOCUMENTS PRODUCED BY THE SUMMIT. SOME LINK IT TO KOHL'S PRESS CONFERENCE OBSERVATION 'WE HAVE DISCUSSED THINGS: TEXTS ARE NOT SO IMPORTANT', WHICH IS WIDELY SEEN AS BEGGING THE QUESTION OF WHY THEY WERE PRODUCED AT ALL. KOHL'S SATISFACTION AT ACHIEVING A MENTION ON THE ENVIRONMENT IS ALSO GENERALLY NOTED.

6. MOST PAPERS NOTE CHANCELLOR KOHL'S ANNOUNCEMENT AT HIS PRESS CONFERENCE THAT NEXT YEAR'S ECONOMIC SUMMIT WOULD BE IN BONN. SEVERAL PAPERS SUGGEST THAT THE BONN SUMMIT SHOULD BE LESS MEDIA-ORIENTED, SHOULD BE ON A MORE MODEST SCALE, AND SHOULD DEVOTE ITS EFFORTS TO FEWER BUT BETTER DOCUMENTS.

7. COMMENT FOLLOWS.

FCO PLEASE PASS SAVING TO UKDEL OECD.
BONN WILL PASS TO C-GS IN THE FRG.

TAYLOR

(REPEATED AS REQUESTED)

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Foreign and Commonwealth Office

London SW1A 2AH

12 June, 1984

Prime Minister

CDP 12/6

Dear John,

MF

The enclosed message and covering letter from the Socialist International to the Foreign Secretary unfortunately reached us too late to be forwarded before the start of the Economic Summit, or in the course of it. But you may wish to be aware of the message's existence.

We propose to send a routine acknowledgement.

Yours,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

SOCIALIST INTERNATIONAL

88a ST. JOHN'S WOOD HIGH STREET, LONDON NW8 7SJ, GREAT BRITAIN

Phone: 01-586 1101

Grams: INTESOCON, LONDON

Telex: 261735

June 4, 1984

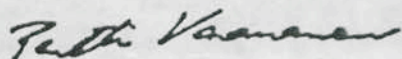
The Rt. Hon. Sir Geoffrey Howe, M.P.,
Foreign Secretary,
Foreign Office,
King Charles Street,
London SW1

Dear Sir Geoffrey,

Please find enclosed the Socialist International's statement on the Economic Summit Meeting. May I ask you to forward it to Prime Minister Margaret Thatcher.

Thank you.

Yours sincerely,



Pentti Vaananen
General secretary

SOCIALIST INTERNATIONAL

88a ST. JOHN'S WOOD HIGH STREET, LONDON NW8 7SJ, GREAT BRITAIN

Phone: 01-586 1101

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June 4, 1984

SOCIALIST INTERNATIONAL PRESS RELEASE NO. 5/84

The President of the Socialist International, Willy Brandt, and Michael Manley, Chairman of the Socialist International Committee on Economic Policy, today issued the following statement to the Economic Summit on behalf of the Socialist International:

1) On the eve of the Economic Summit Meeting in London, which brings together the seven richest countries of the western world and of the European Community, the Socialist International wishes to draw to the attention of political leaders and those responsible for economic and social affairs the gravity of the situation in which millions of unemployed workers find themselves, and the continuing state of under-development which affects two thirds of humanity.

2) The Socialist International recognises that the industrialised countries of the west, in particular the U.S.A. and Canada, are experiencing economic recovery, but takes note that the fruits of this recovery are most unequally distributed between different countries and between different social groups. The Socialist International emphasizes that a number of OECD countries, and in particular European countries, are experiencing very high levels of unemployment, and that the faint signs of recovery allow no hope of an early fall in the numbers out of work. The Socialist

International maintains, in this respect, that a solution to the crisis must be the strategy developed by the trade unions and socialist parties:

- The co-ordinated expansion of their economies by the OECD countries, to be led by joint action to boost public investment.
- A balanced programme of production and innovative investment to take advantage of the new technologies. But at the same time, the introduction of new technology must take full account of the effects on employment and environment.
- A reduction in the number of working hours so that economic expansion feeds through directly into the creation of new jobs.
- New employment and education measures to ensure that all workers, men and women alike, have the skills they need. These should include special measures aimed at helping particular groups, such as the young, women, ethnic minorities and the disabled.
- And by measures aimed at a fairer distribution of wealth, including the support of private consumption.

3) The Socialist International recognises the importance of promoting a fair policy to combat inflation. However, we reject the monetarist view of how to fight this problem, which, in practice, means using depression and unemployment as tools to reduce inflationary pressures. In this respect, the Socialist International expresses its deep concern at the potentially damaging consequences for the stability of world prices as a result of the monetary policies practised by the U.S. These have resulted in a rise in the value of the dollar to a level which bears no relation to the actual state of the U.S. economy. It underlines the damaging effect of an over-valued dollar on savings and international movement of capital, and betrays the apparent disinterest of the American authorities with regard to

their responsibility for the external value of the dollar.

The Socialist International takes note that, despite the declarations of successive Economic Summits, no progress has been recorded in the search for a solution to stabilise the erratic fluctuations in rates of exchange, to limit the volatility of interest rates, to control the enormous international capital market and reverse the growth of protectionism.

4) The Socialist International stresses the difficult situation in the developing countries, where the level of external debt has become excessive. We are aware of the need to restore, within the terms of settlement, a fundamental equilibrium in the balance of payments. However, the Socialist International denounces the unnecessary severity with which adjustment policies have been imposed by the IMF, notably by conditional programmes of economic policy, which are much too restrictive. The Socialist International considers that a negotiated solution, on an international level, must be found. Only in this way can the danger of an international financial crisis which would gravely weaken certain developing countries be avoided. The Socialist International cannot accept the improvisation of debt-rescheduling formulas which only defer the problems while magnifying them.

5) The Socialist International emphasizes the need to support development by a real transfer of technology and by a contribution of capital. In this respect, it deplores the decision of the donor members of the International Development Association (IDA) to limit, at the insistence of the U.S., the seventh replenishment of IDA resources to U.S. dollars nine billion - a reduction in real terms and wholly inadequate for the needs of the world's poorest. The Socialist International urges that decisions be taken quickly in this respect, that the London Summit addresses this issue and explores all possibilities of amending the earlier

decision in order to restore the original U.S. dollar twelve billion replenishment level and the responsibility for any failure in this regard must be clearly indicated.

The Socialist International emphasizes that disarmament would make it possible to release resources from the arms industry to development.

There is an urgent need to halt the escalation of protectionist barriers to international trade and to initiate a scheduled dismantling of these barriers - in particular those which inhibit exports from developing countries. Attention must also be focused on schemes to stabilise the prices of primary commodity exports of developing countries.

The Socialist International stresses, in particular, the dramatic consequences of a fall in development aid resources for the poorest countries, in particular the African countries south of the Sahara that are affected by the crisis and by drought, and whose food situation is almost at famine level. The restoration of adequate levels of aid can and should be funded by a reduction in military expenditure. The Socialist International demands that an emergency plan be implemented in this field.

Willy Brandt

President of the Socialist International

Michael Manley

Chairman of the Socialist International Committee on
Economic Policy

GRS 500

UNCLASSIFIED

FM PARIS 121630Z JUN 84

TO PRIORITY FCO

TELEGRAM NUMBER 720 OF 12 JUNE

INFO PRIORITY BONN, OTTAWA, ROME, TOKYO, WASHINGTON, UKREP BRUSSELS
INFO SAVING UKDEL OECD, CONSULATES GENERAL FRANCE

LONDON ECONOMIC SUMMIT: FRENCH PRESS REACTION

SUMMARY

1. FRENCH PRESS IS GENERALLY SCEPTICAL OF THE VALUE OF THE SUMMIT AND UNIMPRESSED BY ROLE OF FRENCH DELEGATION. HOWEVER, THERE IS LITTLE OR NO HOSTILITY TOWARDS ANY OF THE SUMMIT DECLARATIONS.

DETAIL

2. THE FRENCH PRESS ADOPTS A GENERALLY SCEPTICAL TONE IN ASSESSING THE OUTCOME OF THE SUMMIT, EMPHASISING THE ELEMENT OF AMERICAN PRESIDENTIAL SHOW-BUSINESS, AND THE CONCERN OF REAGAN'S PARTNERS TO HANDLE HIM WITH KID GLOVES IN VIEW OF HIS ELECTION CAMPAIGN. SOME PAPERS (EG FIGARO AND QUOTIDIEN ON THE RIGHT) ARE DOWNRIGHT CRITICAL OF WHAT THEY SEE AS THE 'MEAGRE RESULTS' OF THE MEETING. COMMENTATORS ARE QUITELY DISCONSOLATE AT THE INABILITY OF FRANCE TO INFLUENCE A MEETING THAT IS SEEN AS SINGING A LARGELY ANGLO-AMERICAN TUNE. DESPITE GENERAL AGREEMENT THAT THE ECONOMIC DECLARATION WAS LARGELY INSPIRED BY AMERICAN AND BRITISH RATHER THAN FRENCH VIEWS, THERE IS NO SUGGESTION THAT THE UK WAS DISLOYAL TO ITS EUROPEAN PARTNERS.

3. ATTENTION IS CENTRED ON US INTEREST RATES AND ISSUES DIRECTLY INVOLVING THE THIRD WORLD, RATHER THAN MACRO-ECONOMIC STRATEGY. THE FRENCH DELEGATION, IT IS REPORTED, OBTAINED SOME MODEST SATISFACTION FROM THE REMIT TO THE IMF INTERIM COMMITTEE TO DISCUSS FURTHER INTERNATIONAL MONETARY REFORM, FROM THE CALL FOR INCREASED ODA, FROM THE ENCOURAGEMENT OF MORE WORLD BANK PROGRAMME LENDING AND FROM THE FAILURE TO SET A DATE FOR STARTING THE NEXT GATT ROUND. ON THE OTHER HAND, IT IS RECOGNISED THAT THE MORE AMBITIOUS FRENCH PROPOSALS FOR GLOBAL TREATMENT OF INTERNATIONAL DEBT, INCLUDING AN SDR ISSUE, DID NOT ATTRACT SUPPORT.

4. MITTERRAND'S COMPLIMENTARY REMARKS ABOUT THE ORGANISATION OF THE SUMMIT DISCUSSION AND HIS WILLINGNESS TO ATTEND NEXT YEAR'S MEETING ARE DULY REPORTED. HIS CLAIM THAT THE SUMMIT GAVE THIRD WORLD DEBTOR NATIONS REASON TO BE PATIENT IS QUOTED WITH SOME SCEPTICAL COMMENT. DELORS' REMARK, IN THE CONTEXT OF US INTEREST RATES, THAT THE AMERICAN ELEPHANT IS NOT GOING TO SHRINK JUST BECAUSE THE FRENCH COCK PINCHES ITS BACKSIDE IS REPORTED WITH RELISH.

5. MITTERRAND'S CLAIM TO HAVE PREVENTED FURTHER DRIFT TOWARDS POLITICAL AS OPPOSED TO ECONOMIC CONTENT IN THE SUMMIT IS SET RATHER FACILELY AGAINST THE STATISTIC THAT FOUR OUT OF FIVE COMMUNIQUES DEALT WITH POLITICAL SUBJECTS.

6. ONLY QUOTIDIEN REPLAYS THE WASHINGTON POST REPORT OF REMARKS SUPPOSEDLY MADE TO A US OFFICIAL BY DELORS (AND SINCE DENIED BY HIM) WHICH INDICATED THAT THE FRENCH GOVERNMENT WOULD REVIEW THE RESULTS OF ITS NATIONALISATION PROGRAMME A YEAR FROM NOW AND DENATIONALISE IF AND WHERE THAT SEEMED DESIRABLE.

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SIR C TICKELL

SIR J BULLARD

MR RENWICK

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PRIME MINISTER'S STATEMENT

TO THE HOUSE OF COMMONS

ON THE ECONOMIC SUMMIT

TUESDAY 12 JUNE

WITH PERMISSION, MR. SPEAKER, I SHALL MAKE A STATEMENT ABOUT
THE ^{TENTH ANNUAL} ECONOMIC SUMMIT WHICH WAS HELD IN LONDON FROM
7 - 9 JUNE.

HEADS OF STATE OR GOVERNMENT OF THE SEVEN PRINCIPAL
INDUSTRIALISED COUNTRIES WERE PRESENT, ACCOMPANIED BY
THEIR FOREIGN AND FINANCE OR ECONOMIC MINISTERS,
TOGETHER WITH THE PRESIDENT OF THE EUROPEAN COMMISSION,
WHO WAS ACCOMPANIED BY MONSIEUR ORTOLI.

I HAVE PLACED IN THE LIBRARY OF THE HOUSE COPIES OF THE
ECONOMIC DECLARATION AND OF DECLARATIONS ISSUED ON
DEMOCRATIC VALUES, EAST-WEST RELATIONS AND TERRORISM,
TOGETHER WITH A STATEMENT ABOUT OUR DISCUSSIONS ON THE
IRAQ-IRAN CONFLICT.

I SHALL DEAL FIRST WITH THE POLITICAL ISSUES.

/ THE SUMMIT

THE SUMMIT CONSIDERED IT TIMELY TO RESTATE THE VALUES WHICH BIND THE WESTERN DEMOCRACIES, PARTICULARLY AT THE END OF A WEEK WHEN WE HAD BEEN REMEMBERING THE VERY DIFFERENT CONDITIONS OF FORTY YEARS AGO. TOO OFTEN, WE HAVE SEEN THE WESTERN CASE GO BY DEFAULT WHILE GOVERNMENTS WHICH DENY DEMOCRACY MAINTAIN AN UNCEASING FLOW OF PROPAGANDA.

AT BRITISH INITIATIVE, WE HAD A THOROUGH DISCUSSION OF THE PROBLEMS POSED BY TERRORISM.

THERE WAS UNANIMOUS DETERMINATION TO CONFRONT AND DEFEAT INTERNATIONAL TERRORISM WHATEVER FORMS IT MAY TAKE.

WE IDENTIFIED A NUMBER OF DETAILED PROPOSALS WHICH WILL BE FOLLOWED UP IN THE WORKING GROUP OF EXPERTS FROM THE SUMMIT COUNTRIES.

/ ON EAST-WEST

ON EAST-WEST AFFAIRS THE SUMMIT, HAVING STRESSED THE

NEED FOR RESOLVE AND SOLIDARITY, STATED OUR READINESS FOR DIALOGUE AND OUR HOPE THAT THE SOVIET UNION WILL REACT CONSTRUCTIVELY AND POSITIVELY. WE EXPRESSED OUR BELIEF THAT EAST AND WEST HAVE IMPORTANT COMMON INTERESTS; IN PRESERVING PEACE; IN ENHANCING CONFIDENCE AND SECURITY; IN REDUCING THE RISKS OF SURPRISE ATTACK OR WAR BY ACCIDENT; IN IMPROVING CRISIS MANAGEMENT TECHNIQUES; AND IN PREVENTING THE SPREAD OF NUCLEAR WEAPONS.

WE ALSO DISCUSSED THE CONFLICT BETWEEN IRAQ AND IRAN.

WE EXPRESSED OUR REGRET AT THE BREACHES OF INTERNATIONAL HUMANITARIAN LAW WHICH THIS CONFLICT HAS BROUGHT AND CALLED FOR FREEDOM OF NAVIGATION TO BE RESPECTED. AS TO OIL SUPPLIES, WE WERE SATISFIED THAT, GIVEN EXISTING STOCKS OF OIL AND THE AVAILABILITY OF OTHER SOURCES OF ENERGY, ADEQUATE SUPPLIES COULD BE MAINTAINED FOR A SUBSTANTIAL PERIOD OF TIME BY INTERNATIONAL COOPERATION AND MUTUALLY SUPPORTIVE ACTION.

/ THE PRIMARY

THE PRIMARY PURPOSE OF THE SUMMIT WAS TO DISCUSS ECONOMIC
MATTERS.

ON THESE WE REACHED THE FOLLOWING MAIN CONCLUSIONS:

FIRST -

THE DECLARATION POINTED OUT THAT ECONOMIC RECOVERY
CAN NOW BE SEEN TO BE ESTABLISHED IN THE SUMMIT
COUNTRIES.

IT IS MORE SOUNDLY BASED THAN PREVIOUS RECOVERIES,
THANKS TO THE FIRM POLICIES DESIGNED TO BRING DOWN
INFLATION.

BUT TO SUSTAIN RECOVERY, AND SPREAD ITS BENEFITS
FURTHER, REQUIRES UNREMITTING EFFORTS.

WE AGREED THEREFORE TO CONTINUE AND WHERE NECESSARY
STRENGTHEN POLICIES TO REDUCE INFLATION AND INTEREST
RATES, TO CONTROL MONETARY GROWTH AND REDUCE BUDGET
DEFICITS.

/ SECOND -

SECOND -

AS UNEMPLOYMENT IN OUR COUNTRIES REMAINS HIGH,
WE EMPHASISED THE NEED FOR SUSTAINED GROWTH AND
THE CREATION OF NEW JOBS, THE NEED TO ENSURE
THAT INDUSTRIAL ECONOMIES ADAPT AND DEVELOP IN
RESPONSE TO DEMAND AND TECHNOLOGICAL CHANGE,
INCLUDING IN SMALL AND MEDIUM-SIZED BUSINESSES;
AND THE NEED TO ENCOURAGE ACTIVE JOB TRAINING
POLICIES AND THE EFFICIENT WORKING OF THE LABOUR
MARKET.

THIRD -

ON INTERNATIONAL DEBT THE PROBLEMS WILL BE EASIER
TO RESOLVE IF WORLD RECOVERY IS SUSTAINED AND
POLICIES ARE FOLLOWED WHICH ARE CONDUCIVE TO LOWER
INTEREST RATES.

WE REAFFIRMED THE CASE BY CASE APPROACH.

WE AGREED THAT WITH THE STRATEGY WE HAVE ADOPTED
THE PROBLEMS ARE MANAGEABLE.

WE IDENTIFIED A NUMBER OF MATTERS WHICH REQUIRE

/ FURTHER ATTENTION

FURTHER ATTENTION. AMONG THEM:

- THAT WHERE DEBTOR COUNTRIES HAVE SUCCESSFULLY MADE EFFORTS TO ADJUST THEIR ECONOMIES, WE WILL ENCOURAGE LONGER-TERM RESCHEDULING OF THEIR DEBTS;

- THAT WE SHOULD LIKE TO SEE EVEN CLOSER CO-OPERATION BETWEEN THE FUND AND THE WORLD BANK, WHOSE ROLE SHOULD BE STRENGTHENED;

- THAT DEVELOPING COUNTRIES SHOULD BE ENCOURAGED TO OPEN THEIR ECONOMIES TO INCREASED DIRECT INVESTMENT FROM THE INDUSTRIALISED COUNTRIES AND TO SUBSTITUTE LONGER-TERM DIRECT AND PORTFOLIO INVESTMENT FOR SHORT-TERM BANK LENDING.

FOURTH -

THE SUMMIT URGED ALL COUNTRIES TO REDUCE TRADE BARRIERS AND TO LIBERALISE AND EXPAND INTERNATIONAL TRADE IN MANUFACTURES, COMMODITIES AND SERVICES.

WE AGREED TO CONSULT GATT PARTNERS WITH A VIEW TO EARLY DECISIONS ON THE TIMING AND OBJECTIVES FOR A NEW NEGOTIATING ROUND.

AND FIFTH -

WE AGREED ON A NEW PROGRAMME OF RESEARCH AND CO-OPERATION, THE BETTER TO ESTABLISH AND DEAL WITH THE CAUSES OF ENVIRONMENTAL POLLUTION.

TO SUM UP, THE SUMMIT EXPRESSED THE CLEAR VIEW THAT THE ECONOMIC STRATEGY WE HAVE BEEN FOLLOWING IS RIGHT AND THAT WE SHOULD CONTINUE TO PURSUE IT. WE DID NOT LEAVE IT AT THAT.

/ WE SET OUT

WE SET OUT IN THE DECLARATION A TEN-POINT ACTION PROGRAMME FOR THE NEXT TWELVE MONTHS. THIS INCLUDES A SERIES OF SPECIFIC MEASURES FOR REDUCING OBSTACLES TO THE CREATION OF NEW JOBS; AND RECORDS OUR AGREEMENT TO SEEK TO MAINTAIN AND WHEREVER POSSIBLE INCREASE THE FLOW OF OFFICIAL AID TO DEVELOPING COUNTRIES; PARTICULARLY THE POOREST, AND TO ENCOURAGE MORE OPENNESS TOWARDS PRIVATE INVESTMENT FLOWS. THE DECLARATION AS A WHOLE SETS OUT A GLOBAL APPROACH TO THE ECONOMIC SITUATION AND DEALS COMPREHENSIVELY AND POSITIVELY WITH CURRENT NEEDS AND PROBLEMS.

MR. SPEAKER, THIS WAS A WORKMANLIKE AND CONSTRUCTIVE MEETING WHICH ACHIEVED A VERY LARGE MEASURE OF AGREEMENT ON THE BASIC OBJECTIVES OF OUR RESPECTIVE POLICIES, ON BOTH THE ECONOMIC AND POLITICAL FRONTS.

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GRS 650

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FM WASHINGTON 112345Z JUN 84

TO PRIORITY FCO

TELEGRAM NUMBER 1834 OF 11 JUN

INFO ROUTINE BONN OTTAWA PARIS ROME TOKYO UKREP BRUSSELS

US PUBLIC REACTIONS TO THE SUMMIT

SUMMARY

INITIAL US PRESS REACTIONS TO THE SUMMIT, CLEARLY REFLECTING HEAVY OFFICIAL BRIEFING, GENERALLY FAVOURABLE.

DETAIL

1. COVERAGE OF THE ENTIRE REAGAN EUROPEAN TOUR IN THE US MEDIA HAS BEEN MASSIVE. THE EXERCISE HAS BEEN PRESENTED AS A CONSIDERABLE SUCCESS FOR THE PRESIDENT, WITH MANY COMMENTATORS POINTING TO THE CONTRAST BETWEEN HIS PERFORMANCE, SPEAKING FOR AMERICA, AND THE CONTINUING FEUDING IN THE DEMOCRAT CAMP. HE IS SEEN AS, 'ACTING PRESIDENTIAL': THE DEMOCRATS AS 'PLAYING POLITICS'.

2. MOST REPORTS, REFLECTING OFFICIAL BRIEFING, CLAIM THAT THE PRESIDENT WAS LESS ON THE DEFENSIVE OVER US ECONOMIC PERFORMANCE THAN AT WILLIAMSBURG. IN PARTICULAR, THE ABSENCE IN THE COMMUNIQUE OF SPECIFIC CRITICISM OF THE IMPACT OF THE US BUDGET DEFICIT ON INTEREST RATES IS HIGH-LIGHTED. MANY REPORTS STRESS THE PRIME MINISTER'S ROLE IN PREVENTING A 1:6 CONFRONTATION ON THE ISSUE. THE COMMUNIQUE'S REFERENCE TO THE NEED TO LIMIT QUOTE RIGIDITIES IN THE LABOUR MARKET UNQUOTE IS WIDELY SEEN AS AN ACKNOWLEDGEMENT OF THE SUPERIOR PERFORMANCE OF THE US IN PROVIDING CONDITIONS CONDUCIVE TO NEW JOBS. A SUB-THEME IS ALLEGED FRENCH ENVY OF US ECONOMIC PERFORMANCE, WITH MITTERRAND SAID TO BE QUOTE CAPTIVATED UNQUOTE BY THE LATEST US STATISTICS, AND DELORS PERSUADED THAT FRANCE NEEDS MORE QUOTE ENTREPRENEURIAL SPIRIT UNQUOTE, AND MUST CONSIDER DENATIONALISATION PROGRAMMES. (THE FOOTPRINTS OF REGAN AND SPRINKEL BRIEFINGS ARE EVIDENT IN A NUMBER OF REPORTS.)

3. DISCUSSIONS ON DEBT ARE LESS EXTENSIVELY REPORTED, WITH THE SUMMIT CONCLUSIONS SEEN AS LARGELY APPROVAL OF PREVALENT IDEAS (UKDEL IMF/IBRD TELNO 110) FOR REWARDING THE IMPROVERS (EG MEXICO) WITH MULTI-YEAR DEBT RESCHEDULING. THE AGREEMENT ALLOWING IBRD FUNDS TO BE USED FOR GENERAL ECONOMIC INFRASTRUCTURE DEVELOPMENT IS ALSO NOTED. REGAN IS QUOTED AS COMPLAINING THAT SOME OF THE AGREED LANGUAGE ON DEBT IS UNCLEAR, AND THAT NO-ONE UNDERSTANDS THE QUOTE MYSTERIOUS UK-DRAFTED REFERENCE UNQUOTE IN THE COMMUNIQUE TO SUBSTITUTING QUOTE MORE STABLE LONG-TERM FINANCE BOTH DIRECT AND PORTFOLIO, FOR SHORT-TERM BANK LENDING UNQUOTE. SOME PRESS REPORTS SUGGEST THAT THE SCALE OF THE DEBT PROBLEM MAY NOT HAVE BEEN FULLY APPRECIATED AT THE SUMMIT, BUT THIS IS A MINOR THEME.

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/ 4. THE

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4. THE COMMUNIQUE IS SEEN AS CAUTIOUS BUT BALANCED, REFLECTING A SUMMIT WHOSE TONE WAS QUOTE CAUTIOUS, CONCILIATORY AND GENTLY UPBEAT UNQUOTE (JOURNAL OF COMMERCE). NOBODY LOST, THOUGH THE CANADIANS ARE THOUGHT TO HAVE GAINED LEAST AND, APART FROM THE US AND UK, THE JAPANESE MOST IN DRAWING THE STING OF CRITICISM OF THEIR TRADE PERFORMANCE BY ENTHUSIASTICALLY PROMOTING A NEW TRADE NEGOTIATING ROUND. THE FAILURE TO AGREE ON A STARTING DATE FOR A NEW ROUND OF GATT TRADE LIBERALISATION TALKS IS, HOWEVER, DESCRIBED AS THE ONE MAJOR DISAPPOINTMENT FOR THE US, THOUGH REGAN IS QUOTED AS SAYING THAT THERE IS STILL QUOTE A GOOD CHANCE UNQUOTE THAT NEGOTIATIONS WILL START IN 1986.

5. THE OTHER SUMMIT TEXTS HAVE ATTRACTED RELATIVELY LITTLE PRESS ATTENTION, AND SOME MILD CRITICISM FOR LACK OF SPECIFICITY. THERE IS HOWEVER NO SIGN OF OFFICIAL BRIEFING TO PLAY DOWN THEIR IMPORTANCE. (THIS APPLIES EVEN TO THE DECLARATION ON DEMOCRATIC VALUES, ON WHICH SCEPTICAL REACTIONS FROM US BRIEFERS ON 7 JUNE WERE EVIDENT IN THE PRESS OF 8 JUNE: CLEARLY THE BRIEFERS SUBSEQUENTLY CHANGED THEIR TUNE.) ON EAST/WEST RELATIONS, BRIEFING OVER THE WEEKEND HAS STRESSED THAT THE PRESIDENT'S EXPRESSED CONCERN FOR RENEWED DIALOGUE WITH MOSCOW WAS TAKEN AT ITS FACE VALUE BY MOST SUMMITTEERS, WITH ONLY TRUDEAU CALLING FOR A MORE FORWARD POLICY.

6. COMMENTS ON THE PRESIDENT'S PERSONAL PERFORMANCE ARE ALSO SO FAR CLEARLY BASED ON OFFICIAL BRIEFING: ANY CRITICISM MAY TAKE A FEW DAYS TO EMERGE, EG IF DEMOCRAT SPOKESMEN DECIDE TO TRY SOME KNOCKING COPY. SOME OF THE MORE CRITICAL COLUMNISTS HAVE ALREADY SUGGESTED THAT, UNLIKE OTHER HEADS OF GOVERNMENT, THE PRESIDENT SET MORE STORE ON SEIZING HIS QUOTE PHOTO OPPORTUNITIES UNQUOTE THAN ON BRIEFING THE PRESS ON THE SUBSTANCE OF DISCUSSION. BUT SHULTZ AND REGAN, WITH A NUMBER OF EUPHORIC QUOTES, HAVE CERTAINLY FILLED ANY GAP.

7. REPORTS OF DEMONSTRATIONS IN LONDON, PARTICULARLY THE CND DEMONSTRATION ON 9 JUNE, HAVE BEEN EXTENSIVE BUT NOT PARTICULARLY PROMINENT. THERE HAS BEEN NO SUGGESTION THAT THE ADMINISTRATION'S

²
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/ POLICIES

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POLICIES CAME UNDER STRONG ATTACK FROM BRITISH PUBLIC OPINION AS A WHOLE, AND NO SIGNS OF ANY EVIDENT ADMINISTRATION IRRITATION AT THE DEMONSTRATIONS (THOUGH THE PRESIDENT'S COMMENTS ON 10 JUNE THAT THE PEACE WHICH CND WANT MIGHT BE THE PEACE OF THE GRAVE IS WIDELY REPORTED). THE DEMONSTRATIONS IN IRELAND EARLIER ON THE TOUR WERE IN FACT GIVEN MORE COLUMN INCHES PRESUMABLY BECAUSE THERE WAS LESS SUBSTANCE TO COVER AS WELL.

8. IN GENERAL, THEREFORE, FOR THE WHITE HOUSE PUBLICITY MACHINE, THE INTERIM VERDICT IS LIKELY TO BE: SO FAR, SO GOOD.

WRIGHT

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ROME TELNO 398: LONDON ECONOMIC SUMMIT: ITALIAN PRESS COMMENT.

SUMMARY.

1. DESPITE HEAVY COMPETITION FROM BERLINGUER'S ILLNESS, THE OUTCOME OF THE SUMMIT MADE THE FRONT PAGES OF SUNDAY'S PRESS. THE OVERALL JUDGMENT IS THAT, AS ON PREVIOUS OCCASIONS, THE GOODWILL OF THE PARTICIPANTS MASKED FUNDAMENTAL DIFFERENCES, AND THAT THE VAGUERESS OF THE FINAL DOCUMENT REFLECTED THESE. THERE IS GENERAL AGREEMENT THAT THE SUMMIT'S CONCLUSIONS ON POLITICAL THEMES (EAST-WEST, IRAN/IRAQ, TERRORISM) ARE MORE VALUABLE AND POSSIBLY MORE ENDURING THAN THOSE ON ECONOMIC ISSUES. THE TREATMENT OF THE RELATED PROBLEMS OF HIGH INTEREST RATES AND THIRD WORLD DEBT ARE REGARDED AS A VICTORY FOR THE USA, AND A BOOST FOR PRESIDENT REAGAN'S ELECTORAL CAMPAIGN. THE PRESS RECORD CRAXI'S SATISFACTION WITH THE OUTCOME AND THE ACCEPTANCE OF THE ITALIAN PROPOSAL FOR A CONFERENCE ON NEW TECHNOLOGY AND JOBS.

DETAIL.

2. REPORTING OF THE SUMMIT IN ALL MEDIA WAS OVERSHADOWED BY THE SUDDEN, FATAL ILLNESS OF BERLINGUER, THE LEADER OF ITALY'S COMMUNIST PARTY. NEVERTHELESS, THE SUMMIT MADE THE FRONT PAGES OF MOST SUNDAY PAPERS BACKED UP BY LENGTHIER COMMENTARIES ON THE INSIDE PAGES. BY TODAY, HOWEVER, THE COMMENTARIES WERE FEWER AND NOTICEABLY MORE DOWNBEAT UNDER THE INFLUENCE OF THE WIDELY QUOTED AND UNFAVOURABLE PIECE IN SUNDAY'S OBSERVER.

3. DESPITE LOW EXPECTATIONS, MOST COMMENTATORS EXPRESS DISAPPOINTMENT AT THE SUMMIT'S OUTCOME. THIS IS MOST MARKED IN REPUBBLICA AND SOLE 24 ORE (ITALY'S FINANCIAL DAILY), WHICH SPEAK OF THE SUMMIT AS HAVING BEEN DOMINATED BY US ECONOMIC INTERESTS AND BY THE UNWILLINGNESS OF PRESIDENT REAGAN TO ACCEPT ANY CRITICISM OF HIS ECONOMIC POLICY IN THE RUN UP TO THE US ELECTIONS. THEY POINT TO THE ABSENCE IN THE FINAL COMMUNIQUE OF A COMMITMENT BY THE USA TO CUT ITS BUDGET DEFICIT AND, WITH IT, US INTEREST RATES. MANY PAPERS REFER TO THE AMENDMENT OF EARLY SUMMIT DRAFTS UNDER US PRESSURE. IN THE VIEW OF MOST PAPERS, THE USEFUL INCENTIVE OFFERED BY SUMMIT LEADERS, TO EASE THE SCHEDULING OF DEBT BURDENS FOR THOSE THIRD WORLD COUNTRIES WHICH TAKE STEPS TO REFORM THEIR ECONOMIES, IS MORE THAN OUTWEIGHED BY THE ABSENCE OF ACTION TO GUARANTEE LOWER INTEREST RATES.

/ 4. THE

4. THE POLITICAL CONCLUSIONS ARE GIVEN A WIDER AND MORE ENTHUSIASTIC WELCOME. ONLY THE CORRIERE HIGHLIGHTS THE DECLARATION ON DEMOCRATIC VALUES, CALLING IT A TIMELY RESTATEMENT OF COMMON STANDARDS. ON EAST/WEST RELATIONS, WHILE THE SUMMIT CONCLUSIONS ARE NOT REGARDED AS NOVEL, THEIR CONCILIATORY TONE (IN PARTICULAR THE REFERENCE TO COMMON EAST-WEST INTERESTS IN CONFIDENCE BUILDING AND SECURITY, AND THE IMPORTANCE OF MAINTAINING LINES OF COMMUNICATION WITH EASTERN COUNTRIES) DRAWS FAVOURABLE COMMENT. THE COMMON APPROACH ON IRAN/IRAQ IS NOTED, AS IS THE PROMOTION OF PRACTICAL COOPERATION TO COMBAT ALL FORMS OF INTERNATIONAL TERRORISM. ON THE LATTER, HOWEVER, REPUBBLICA AND STAMPA DRAW ATTENTION TO ITALIAN AND FRENCH MISGIVINGS ABOUT A FIRMER CONCERTED RESPONSE TO STATE-SPONSORED TERRORISM.

5. CRAXI'S CONTENTMENT WITH THE OUTCOME IS WIDELY REPORTED, ALTHOUGH SOLE 24 ORE OBSERVES THAT HIS PROPOSAL FOR A CONFERENCE TO AIR THIRD WORLD DEBT PROBLEMS WAS OMITTED FROM THE FINAL DOCUMENT. THIS IS BALANCED WITH THE ACCEPTANCE OF HIS PROPOSAL FOR AN INTERNATIONAL CONFERENCE NEXT YEAR IN ROME ON THE SUBJECT OF NEW TECHNOLOGY AND JOBS. ACCORDING TO CRAXI, THIS WILL ADDRESS THE QUESTION WHY EUROPEAN COUNTRIES HAVE FAILED TO CREATE JOBS IN THE SAME WAY AS USA AND JAPAN DURING A PERIOD OF RAPID TECHNOLOGICAL CHANGE.

6. FCO PSE PASS SAVING TO UKDEL OECD, PARIS, BONN, WASHINGTON, TOKYO, OTTAWA, UKREP BRUSSELS.

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GENEVA, UKREP BRUSSELS, UKMIS NEW YORK AND UKIEL STOCKHOLM.

LONDON ECONOMIC SUMMIT : SOVIET COMMENT.

SUMMARY.

1. SOVIET PRESS COVERAGE HAS PLAYED UP DIFFERENCES AMONG THE PARTICIPANTS ON ECONOMIC ISSUES (THE INTENTION WILL BE TO PRESENT A CONTRAST TO THE EXPECTED SHOW OF UNITY AT THIS WEEK'S CMEA SUMMIT). PREDICTABLY THE POLITICAL STATEMENTS HAVE BEEN SOURLY DISMISSED. A MORE AUTHORITATIVE RESPONSE MAY EMERGE DURING THE CMEA SUMMIT, DUE TO START ON 12 JUNE.

DETAIL.

2. IN STRESSING THE ECONOMIC ILLS OF THE CAPITALIST WORLD, THE SOVIET PRESS HAS, IN REPORTS FROM LONDON CORRESPONDENTS, POINTED THE FINGER AT U S POLICIES (WHICH IN TURN ARE SAID TO BE LINKED TO HIGH DEFENCE EXPENDITURE). THE SUMMIT HAS BEEN UNABLE TO MAKE REAL PROGRESS OVER PROTECTIONISM OR THIRD WORLDS INDEBTEDNESS. PRAVDA EQUATED THE SUMMIT TO " A CONSULTATION HELD AT A SICKBED " : DEBATES ON WHAT TO PRESCRIBE, FEARS OF COMPLICATIONS, AND AGREEMENT THAT THERE WAS NO MIRACLE CURE.

3. THE POLITICAL STATEMENTS ARE PRESENTED AS AN ATTEMPT TO DISGUISE SERIOUS ECONOMIC DIFFERENCES WITH A DISPLAY OF POLITICAL UNITY, AND TO BOLSTER PRESIDENT REAGAN'S IMAGE IN AN ELECTION YEAR . COMMENTING ON THE DECLARATION OF DEMOCRATIC VALUES (" THIS HYMN TO THE SYSTEM OF CAPITALIST EXPLOITATION AND INJUSTICE "), PRAVDA SAID ITS TITLE WAS PRETENTIOUS. THE NEWSPAPER REPORTED YOU AS HAVING SPOKEN " IN A LENGTHY BUT RATHER CONTRADICTORY WAY " , ABOUT THE PERIODIC NEED TO RECONFIRM WESTERN IDEALS. A MEMBER OF THE U S DELEGATION HAD DESCRIBED THE DECLARATION AS TRIVIAL AND LACKING SUBSTANCE. BRITISH COMMENTATORS HAD POINTED TO THE FAILURE TO PRODUCE AN INITIATIVE WHICH WOULD DEMONSTRATE WESTERN WILLINGNESS TO END THE ARMS RACE THE WEST WAS ENGAGED IN. EVEN BOURGEOIS COMMENTATORS SAW THE DECLARATION AS OPEN DEMAGOGY.

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4. IZVESTIYA AND PRAVDA ALSO CRITICISED THE OTHER POLITICAL DOCUMENTS. THE EAST-WEST DECLARATION HAD REMAINED SILENT ABOUT U S AND NATO RESPONSIBILITY FOR THE BREAKDOWN OF THE GENEVA TALKS AS A RESULT OF INF DEPLOYMENT. IT WAS HYPOCRITICAL TO OFFER TO RENEW ARMS CONTROL TALKS WITHOUT PRECONDITIONS WHEN NATO INF DEPLOYMENT CONTINUED. THE DECLARATION ON TERRORISM DID NOT DISCUSS AMERICAN STATE TERRORISM, BUT PLANNED MEASURES WHICH COULD BE USED TO SUPPRESS NATIONAL LIBERATION MOVEMENTS AND THREATENED DEVELOPING COUNTRIES WHOSE POLICIES WERE NOT FAVOURED. YOU HAD BEEN OBLIGED TO 'TWIST AND TURN A GOOD DEAL' WHEN ASKED AT THE PRESS CONFERENCE HOW THE STATEMENT SQUARED WITH THE ARMING OF NICARAGUAN CONTRAS.

THE STATEMENT ON IRAN/IRAQ WAS IN THE SAME SPIRIT, WITH ITS HYPOCRITICAL CALL FOR A PEACEFUL SOLUTION AND ITS OMINOUS REFERENCE TO DOING EVERYTHING TO ASSIST STABILITY.

5. MASLENNIKOV IN A REPORT PUBLISHED IN PRAVDA ON 11 JUNE SUMMED UP THE SUMMIT AS A MOUNTAIN GIVING BIRTH TO A MOUSE

FCO PLEASE PASS TO SAVING ADDRESSEES.

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From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A084/1689

11 June 1984

Dear Geoffrey,

--- I attach a first draft of a statement for the Prime Minister to make in the House of Commons on the London Economic Summit. The draft draws on material prepared before the weekend by the Treasury. It lacks a section on the political matters discussed at the Summit: I understand that Julian Bullard has that in hand.

I am sending copies of this letter and of the draft to Crispin Tickell, Julian Bullard and Robin Gray; and I should be grateful for comments by telephone no later than 5.00 pm today.

Yours ever
Robert

J G Littler Esq CB

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London Economic Summit: Draft Statement

With permission, Mr Speaker, I should like to make a statement about the Economic Summit which was held in London from 7 to 9 June. Heads of State or Government of the seven principal industrialised countries were present, accompanied by their Foreign and Finance or Economic Ministers. The European Community was represented by the President of the Commission and Monsieur Ortoli.

2. I have placed in the Library of the House copies of the Economic Declaration issued at the end of the meeting, and of declarations issued during the meeting on democratic values, on East-West relations and on terrorism. I have also placed in the library a copy of a statement which I made, as chairman of the meeting, about our discussions on the Iraq-Iran conflict.

3. Although the primary purpose of the meeting was to discuss economic issues, on this occasion as at earlier summits we took the opportunity of discussing a number of political issues.

4. It is one of the strengths of the free democracies of the Western world that their leaders can meet to exchange views frankly on the world political and economic problems that face them all, and can bring to that exchange of views a variety of different viewpoints, without calling in ^{their shared commitment to} question ^{the} fundamental values by which their countries and their systems of government are sustained. It is nonetheless salutary sometimes to restate those fundamental values and

re-establish them in our own minds and in the minds of the peoples to whom we are responsible. It seemed to all of us at Lancaster House last week that our meeting there, beginning the day after the commemoration of the D-Day landings in Normandy, was such an occasion. The declaration on democratic values demonstrated for all the world to see that those who were enemies at that time are now firm friends and allies, united in the commitment to peace with freedom and justice with all that that entails.

5. [Political module]

6. In our discussion of economic matters we concentrated on five main issues:

First -

Economic recovery is now an established fact in the seven Summit countries and the other countries in the European Community, thanks to the firm efforts made to bring down inflation. We need now to sustain it, and spread its benefits, not only within our own countries but also to the developing countries. That will depend on our continuing and where necessary strengthening policies to reduce inflation and interest rates, to control monetary growth and reduce budget deficits.

Secondly -

An essential element in this is the restraint of public expenditure. The pressures for increases in public spending are constant and insidious, not least in the field of social insurance. We

have to establish and hold to the levels of what can be financed by tolerable levels of taxation on the working population.

Thirdly -

We need sustained growth to create new jobs and bring down unemployment. To make the most of our opportunity, we must make sure that the industrial economies adopt and develop flexibly in response to demand and to technological change.

Fourth -

We continue to face difficult problems in the management of international debt. These problems have implications not only for the debtor countries but also the international banking system, and will be easier to resolve if world recovery is sustained and policies are followed which are conducive to lower interest rates. We have a basic strategy within which we have so far been able to deal flexibly with situations that have arisen, case by case. We agreed at Lancaster House that ^{there is} no alternative to this approach because each case is different. But we also agreed that the strategy we have been following will continue to enable the problems to be managed. We identified a number of aspects of the strategy for further attention:

(a) Debtor countries will need to make - as some are already making - efforts to adjust their economies. When these efforts are

successful, we should be prepared to encourage longer-term rescheduling of their debts.

(b) The role of the International Monetary Fund will continue to be central. We should like to see even closer co-operation between the Fund and the World Bank in this area.

(c) Developing countries should be encouraged to open their economies to increased flows of direct investment from the industrialised countries: such investment brings with it not only long-term resources but also industrial and management expertise.

(d) In the interests of greater stability, we should encourage the substitution of longer-term finance, both direct and portfolio, for short-term bank lending to developing countries.

And Fifthly -

Sustained world economic recovery both requires and should permit specific and practical moves to increase and extend international trade. The Summit meeting urged all countries to reduce barriers to trade and make renewed efforts to liberalise and expand international trade in manufactures, commodities and services. We endorsed the moves to accelerate completion of current trade liberalisation programmes, and agreed to consult

GATT partners with a view to decisions at an early date - which means, I hope, by the end of 1985 - on the timing and objectives for a new negotiating round.

7. Mr Speaker, I said before the Summit that those who look to these Summit meetings for a series of specific agreements on particular actions must expect to be disappointed. That is not their purpose. Their primary purpose is to enable the leaders of those seven countries and of the European Community to come together to discuss economic problems, proposals and opportunities/ ^{and set general course directions.} The London Economic Summit enabled us to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies. It was a workmanlike, constructive, friendly and thoroughly worthwhile meeting. I should like finally to record my gratitude and that of the Government to all those who worked and contributed to make that success possible.

11 JUN 1984





Ref. A084/1699

MR COLES

London Economic Summit: Draft Parliamentary Statement

- I attach a draft for the Prime Minister's statement in the House of Commons on the London Economic Summit. The draft is agreed with the Foreign and Commonwealth Office, the Treasury and the Department of Trade and Industry.
2. By comparison with previous statements after Summits (Ottawa, Official Report 22 July 1981, cols 495-6; Versailles, Official Report 8 June 1982, cols 22 and 23) it is a little long. The simplest way to shorten it would be to omit the detailed points ((a) to (d) in the third part of paragraph 8) on debt strategy.
3. I am sending copies of this minute and the draft to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.
4. Notes for supplementaries are being submitted separately.

RA

ROBERT ARMSTRONG

11 June 1984

London Economic Summit: Draft Statement

With permission, Mr Speaker, I should ^{like} like to make a statement about the Economic Summit which was held in London from 7 to 9 June. Heads of State or Government of the seven principal industrialised countries were present, accompanied by their Foreign and Finance or Economic Ministers. The European Community was represented by the President of the European Council (the President of the French Republic) and by the President of the ^{European} Commission, who was accompanied by Monsieur Ortoli.

2. I have placed in the Library of the House copies of the Economic Declaration issued at the end of the meeting, and of declarations issued during the meeting on democratic values, on East-West relations and on terrorism. [I have also placed in the Library a copy of] a statement which I made, as chairman of the meeting, about our discussions on the Iraq-Iran conflict.

3. Although the primary purpose of the meeting was to discuss economic issues, ^{but as an exception we} on this occasion as at earlier summits we took the opportunity of discussing ^{also discussed} a number of political issues.

4. It is one of the strengths of the free democracies of the Western world that their leaders can meet to exchange views frankly on the world political and economic problems that face them all, and can bring to that exchange of views a variety of different viewpoints, without calling in question their shared

Ortoli will

3. I shall deal
first with the
political issues

commitment to the fundamental values by which their countries and their systems of government are sustained. It is nonetheless salutary sometimes to restate those fundamental values and re-establish them in our own minds and in the minds of the peoples to whom we are responsible. It seemed to us all at Lancaster House appropriate to stress these factors uniting us, at the end of a week when we had been remembering the very different conditions of forty years ago. The declaration on democratic values underlined the will and ability of the countries represented at the Summit to tackle the challenges of the future.

5. At British initiative, we had a thorough discussion of the problems posed by terrorism. There was a unanimous determination to confront and defeat international terrorism whatever forms it may take. We identified a number of detailed proposals which will be followed up in the existing working group of experts from the Summit Seven countries. This will be complementary to the work already being done in the Council of Europe and among the members of the European Community.

6. On East-West affairs this Summit brought out the very wide and deep agreement that exists between all participants, including Japan. We are united in our resolve and our solidarity: in our increasing readiness for dialogue: in our hope that the Soviet Union will react constructively and positively: and in the belief that a lessening of tension must be in the common interest of both East and West.

*Summit issued
The first declaration
issued in a
democratic
summit to all
participants
it
reflects the values
which bind the
Western democracies,
particularly
the
Tos offer, the
we have seen the West
are & go by default
while government which
will not allow
democracy maintain
an unbroken flow
of progress.*

7. We also discussed the conflict between Iraq and Iran. We expressed our sadness at the breaches of international humanitarian law which this conflict has brought - and I am glad to see the parties now seem to have accepted the United Nations ^{Security Council} General Secretary's call to refrain from attacks on civilian population centres. As to oil supplies, ~~as we made clear also in our Economic Declaration~~, ^{expressed our belief} we believe that both the will and capacity exists to cope sensibly with any foreseeable problems.

8. In our discussion of economic matters we ^{reached the following main conclusions} concentrated on five main issues:

First -

Economic recovery is now an established fact in the seven Summit countries and the other countries in the European Community, thanks to the firm efforts made to bring down inflation. We need now to sustain it, and spread its benefits further, not only within our own countries but also to the developing countries. That will depend on our continuing and where necessary strengthening policies to reduce inflation and interest rates, to control monetary growth and reduce budget deficits. An essential element in this is the restraint of public expenditure. ~~We have to establish and hold~~ ^{at} ~~to the~~ levels of what can be financed by tolerable levels of taxation.

The primary purpose of the Summit was to discuss economic matters on the 1st.

Secondly -

We need sustained growth to create new jobs and bring down unemployment. ~~To make the most of our opportunity,~~ ^{we} we must ~~make~~ ^{ensure} sure that the industrial economies adapt and develop in response to demand and to technological change. We need to encourage efficient working of the labour market and the provision of job training.

Thirdly -

~~We continue to face difficult problems in the management of international debt.~~ ^{the} ^{of} These ~~problems~~ ^{and to} have implications for us all, ~~including~~ the international banking system. They will be easier to resolve if world recovery is sustained and policies are followed which are conducive to lower interest rates. We have a basic strategy within which we have so far been able to deal flexibly with situations that have arisen. At Lancaster House we reaffirmed the case by case approach, and ~~we~~ agreed that the strategy we have been following will ~~continue to~~ enable the problems to be managed. In the Economic Declaration we identified a number of aspects of the strategy for further attention:

(a) Debtor countries will need to make - as some have already made - efforts to adjust their economies. When these efforts are successful, we will encourage longer-term rescheduling of their debts.

(b) The role of the International Monetary Fund will continue to be central. We should like to see even closer co-operation between the Fund and the World Bank, whose role should be strengthened.

(c) Developing countries should be encouraged to open their economies to increased flows of direct investment from the industrialised countries: ~~such investment brings with it not only long-term resources but also~~ industrial and management expertise.

(d) In the interests of greater stability, we should encourage the substitution of longer-term finance, both direct and portfolio, for short-term bank lending to developing countries.

Forthly -

~~Sustained world economic recovery both requires~~
We speed on
~~and should permit specific and practical moves to~~
increase and extend international trade. The Summit ~~meeting~~ urged all countries to reduce barriers ~~to~~ trade and make renewed efforts to liberalise and expand international trade in manufactures, commodities and services. We endorsed the moves to accelerate completion of current trade liberalisation programmes, and agreed to consult GATT partners with a view to decisions at an early date - which many will hope means before the end of 1985 - on the timing and objectives for a new negotiating round.

And fifthly - *we agreed on a new programme of research to combat*
 We discussed the threat of environmental pollution. I am glad to say that I was able to persuade my colleagues to initiate more research into the pollution of air, water and land, with a view to identifying projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage.

9. We agreed on a ten-point plan, which is set out in the Economic Declaration, for following up our conclusions on the world's economic problems and needs.

10. Mr Speaker, I ~~said before the Summit that those who look to these Summit meetings for a series of specific agreements on particular actions must expect to be disappointed; that is not their purpose. Their primary purpose is to enable the leaders of those seven countries, with the European Community, to come together to discuss economic problems, proposals and opportunities and set general course directions.~~ *of these Summits is for the leaders of the Western industrial countries* The London Economic Summit enabled us to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies. It was a workmanlike, constructive, friendly and thoroughly worthwhile meeting. I should like to end by recording my gratitude and that of the Government to all those who worked and contributed to make that success possible.

LONDON ECONOMIC SUMMIT: TERRORISM

1. The Foreign Ministers turned to this subject during their meeting on the morning of 8 June and discussed it for an hour.

2. Sir G Howe said that the Libyan episode had brought home to Britain the defects of the existing system. There was a case for re-examining some aspects of the Vienna Convention, eg the immunity of the diplomatic bag. But did governments apply the Convention adequately in such matters as the size of Embassies and the immunity of Embassy and other premises? Did governments know enough about the activities of the members of foreign missions? Should they coordinate more? Were there gaps in national legal systems which needed to be studied jointly? At the very least, a fuller exchange of information seemed desirable.

3. Herr Genscher said that governments must fight terrorism and this was a responsibility of Foreign Ministers. There should be a better exchange of information, eg within NATO, so that no person expelled from Britain (for example) would be accepted by an Allied country. But it would be wrong to arouse false expectations. The main need was for much better cooperation between security organisations. A lot could be done by simple means. With some countries the FRG had a system allowing a finger-print to be checked in 60 seconds: with others they had to use the postal service.

4. Mr Shultz said that the problem went deeper than that of diplomatic missions. There was an enormously bigger problem of state sponsored terrorism all round the world. He did not know the answers but would like the questions to be discussed. There were balances to be struck. Purely defensive measures were unlikely to be wholly successful. Pre-emptive or retaliatory action could sometimes be essential. It was vital to have good intelligence, but organisations were often reluctant to exchange it as they should. Another difficult question was: how good did evidence need to be before a case of terrorism could be regarded as established? Unfortunately terrorism could be seen to have worked on some occasions: the North Koreans had killed 21 members of the South Korean Cabinet, and the attacks on US Marines had changed American policy in the Lebanon.

5. Sr Andreotti suggested that the Summit should state that the participants had a definite political will to defeat terrorism and were resolved to unify their efforts to this end.

/But

But if they were to go beyond this, they must adopt objectives which were credible. The Bonn Declaration of 1978 had had some beneficial effect on the numbers of aircraft hijackings, even though it had been applied unevenly by the signatories. He was not sure how specific the present Summit would be able to be. Certainly some questions needed to be studied, eg how to stop certain countries abusing the immunity of diplomatic premises. But to abolish diplomatic privileges altogether would do more harm than good.

6. Sr Andreotti said that Italy noted an important link between terrorism and the drug trade. Experience with Turkey, Bulgaria and Yugoslavia made this clear. Another problem was the fanatical terrorist who believed that his deed and his death would take him to paradise. There were two internal problems in Italy. First, in the mind of many Italians the label "freedom fighter" justified any behaviour, including acts of terrorism. Secondly, the law gave protection to those who committed crimes for political reasons. Italy had had to pass a special constitutional law in order to permit extradition under a UN Convention against genocide which Italy had signed.

7. As regards Embassies, Sr Andreotti thought that much could be done by applying the principle of reciprocity and by better monitoring and control of the activities of those concerned. But it would not be possible to reject any diplomat who had ever been a member of a secret service. The Vice President of the United States had been Head of the CIA. The CIA was not the KGB, but one must be careful of any policy which could provoke awkward questions. Certainly any person expelled from one of our countries should not be accepted by another. The exchange of information and mutual help between police forces was essential: Italy had made great progress recently with France and the FRG. But the London Summit should concentrate on stating a definite political will to avoid those who wished to destroy our system.

8. M. Cheysson said that the Summit was not a place for decision-taking: the problem affected many governments not represented in London, nor should the Summit give the impression that it was trying to run the world. But three things could be done. The first was to express political determination, and France would associate herself with any statement to this effect. M. Cheysson interjected that terrorism sometimes occurred when those concerned fell into a mood of despair as a result of finding all other doors closed to them: this had happened with Iranians and Palestinians and would be repeated one day with black South Africans.

/It

It would also be consistent with the political philosophy in Eastern Europe if those countries were to promote terrorism in the West: this could be as dangerous for the West as freedom of expression was for the East. There were also practical problems of many kinds, eg whether to open fire on a truck which circled Lancaster House five or six times and take the risk of it being a florist and looking for the right addressee for his load.

9. Secondly, M. Cheysson said that there was a need for progress in the legal field. This required action in the organisations concerned. The Summit participants should not put obstacles in their own path by adopting definitions that might prove too restrictive.

10. Thirdly, M. Cheysson saw the possibility of collective sanctions in specialised international organisations: he had been encouraged by the amendments made to the Chicago Convention following the KAL airliner incident.

11. Reverting to the practical difficulties, M. Cheysson recalled that there were 50,000 Iranians in France ranging from the sister of the late Shah to the leader of the Mujahidin. We should not put ourselves in a strait-jacket. The same policy on extradition would not do for both Italy and Iran. Nor should we adopt attitudes which we might immediately want to reverse, as had happened when flights to Moscow were cut off after the KAL airliner incident. Even the suspension of flights to Afghanistan as part of the Summit policy on hijacking had led to the difficulty of deciding when and how they should be resumed.

12. M. Cheysson emphasised the need for cooperation between specialist services. There had been more talk than action in this field, although there were plenty of interesting ideas in circulation. The problem of Embassies was not the most serious. But a diplomat expelled from one of our countries should not be admitted to any other. France had been grateful to be informed by Italy of the reasons why two diplomats from Eastern Europe, nominated recently for posts in Paris, had been rejected by the Italian government. Improvements were possible in this field, but there must be no publicity.

13. Sir G Howe said that Mr Shultz had posed the difficult question of the line to be drawn between prevention and pre-emption. Another problem was how to avoid damaging our own interests by adopting measures in conflict with our laws. Should we review the level of our diplomatic relations, and perhaps the scale of our political contacts, with states which sponsored terrorist acts? After the incident in St James's Square it had been clear that Britain must break off diplomatic relations with

/Libya.

Libya. But Britain had not broken off economic relations, and there was still roughly 8,000 British people working in that country, just as several hundred US citizens had remained notwithstanding the US government's attitude. (Mr Shultz interjected that the government had done all it could to prevent these people staying.) Similarly, Sir G Howe was pleased that Herr Genscher had postponed his visit to Tripoli, but presumably the question of his going later would arise. Another question was whether our governments should permit the sale of weapons to such states as Libya. Britain had discontinued supplies, but the gap would no doubt be filled by eg Czechoslovakia or North Korea.

14. Mr Abe said that all participants should firmly combat terrorism. Japan had noted successes in Burma and the Philippines. The possibility of further terrorist incidents could not be denied. There was a need for a firm attitude and for strengthened cooperation on eg training, technology and the exchange of information.

15. Mr MacEachen said that during the incident in St James's Square the Canadian government had declared its readiness to associate itself with any action which Britain would find helpful. Canada could go along with the consensus that seemed to be emerging, although with a heavy heart and a sense of frustration at the difficulties.

16. Sir G Howe pointed out that activity was already under way in the Ten and in the Council of Europe. The UN was probably a vain hope, although terrorism was on the agenda of the International Law Commission. He suggested that the existing Summit Seven Experts' Group on the Bonn and Venice Declarations should continue and extend its work. Mr Shultz agreed: the Group should take the present discussion as the basis for further activity, and do the staff work for a further discussion by Foreign Ministers later.

17. Sr Andreotti repeated his point about the link between terrorism and drugs. Italy had had excellent results since establishing links with the US organisation concerned. He saw a little hope in the UN, where some Member States were frankly on the other side.

9 June 1984

Sir Julian Bullard

Distribution:

Private Secretaries No 10

PS ✓

PS/PUS

Sir C Tickell

Mr Wright

Mr Adams

Mr Jenkins

Heads of ERD

MAED

Security Dept

PCD

Planning Staff

Deputy Head PUSD

Mr Burton, SCU

Mr Brenton, ECD(E)

FROM: R HATFIELD
DATE: 9 June 1984

MR COLES ✓

A.S.C. ^{a.}/₆

LONDON ECONOMIC SUMMIT : DRAFT ECONOMIC DECLARATION

- / 1. I attach the revised draft of the Economic Declaration which resulted from discussion among the Personal Representatives on the night of 8/9 June 1984.
2. Copies of this and of the attachment will be available at Lancaster House for those attending the Prime Minister's Co-ordinating Meeting at 8.00 am.

9 June 1984



R HATFIELD

THE LONDON ECONOMIC DECLARATION

(Draft of 0215 hrs on 9 June 1984)

We, the Heads of State or Government of seven major industrialised countries and the President of the Commission of the European Communities, have gathered in London from 7 to 9 June 1984 at the invitation of the Rt Hon Margaret Thatcher FRS MP, the Prime Minister of the United Kingdom, for the tenth annual Economic Summit.

2. The primary purpose of these meetings is to enable Heads of State or Government to come together to discuss economic problems, prospects and opportunities for our countries and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

3. At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in

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many of the industrialised countries. It is more soundly based than previous recoveries in that it ^(is a reward for) results from the firm efforts made in the Summit countries and elsewhere over recent years to reduce inflation.

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialised countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and damp down inflationary expectations, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

5. Not the least of our concerns is the growing strain on public expenditure in all our countries, especially in some

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countries from an increasing burden of social insurance. Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

6. As unemployment in our countries remains high, we emphasise the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalise capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognised the economic interdependence of the industrialised and developing countries. We reaffirm our willingness to conduct our relations with them

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in a spirit of goodwill and co-operation. # [To this end we would favour intensified discussion of international financial issues of particular concern to developing countries in the IMF/IBRD Development Committee, an appropriate and broadly representative forum for this purpose.]

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

Canadian proposal

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9. We have therefore agreed:- *on a 10 point programme for the coming year*

(1) to continue with and where necessary strengthen policies to reduce inflation and interest rates, to control monetary growth and where necessary reduce budgetary deficits;

(2) to seek to reduce obstacles to the creation of new jobs:

- by encouraging the development of industries and services in response to demand and technological change, including in innovative small and medium-sized businesses;
- by encouraging the efficient working of the labour market;
- by encouraging the improvement and extension of job training;
- by encouraging flexibility in the patterns of working time;

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- and by discouraging measures to preserve
obsolescent production and technology.

(3) to support and strengthen work in the appropriate international organisations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and promoting growth, (in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonising standards and facilitating the mobility of labour and capital;)

(4) to maintain and wherever possible increase flows of resources, including official development assistance # [and assistance through the International Development Association and through the International Agricultural Development Fund], to the developing countries and particularly to the poorest countries * (To activate the Common Fund for Commodities;) to work with the developing countries to encourage more openness towards

United States propose deletion

* French proposal

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private investment flows; and to encourage practical measures in those countries to conserve resources and enhance indigenous food and energy production;

(5) in a spirit of co-operation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:

- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;
- encouraging the IMF in its central role in this process, which it has been carrying out skilfully;
- encouraging closer co-operation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;
- in cases where debtor countries are themselves making successful efforts to improve their position,

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encouraging more extended multi-year rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;

- encouraging the flow of long-term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing countries, so these countries can help themselves by encouraging investment from the industrial countries;

(6) to invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international liquidity # [(including the possibility of a further allocation of Special Drawing Rights)] and the role of the IMF; and to complete the present phase of their work in

United States propose deletion

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the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee;

(7) to carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;

(8) to seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised countries;

(9) to urge all trading countries, industrialised and developing alike, to resist continuing protectionist pressures, to reduce barriers to trade and to make renewed efforts to liberalise and expand international trade in manufactures, commodities and services;

(10) to accelerate the completion of current trade liberalisation programmes, particularly the 1982 GATT work

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programme, in co-operation with other trading partners; to press forward with the work on trade in services in the international organisations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT # [with a view to decisions during the course of 1985] on the possible objectives arrangements and timing for a new negotiating round.

are greatly concerned about the credit problems in
10. We note with great concern the deterioration of the *Latin American*
current economic situation economic situation in many countries of the world, particularly in Africa. We attach major importance to the special action programme for Africa, which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

US and Japanese proposal

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11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international co-operation and mutually supportive action.

12. We note with approval the continuing consensus on the security and other implications of economic relations with *the Soviet Union* Eastern countries, and on the need to continue work on this subject in the appropriate organisations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of co-operation, and invite the Group to pursue further work and to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an international conference to be held in Italy in 1985 on the theme of technology innovation and the creation of new jobs.

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14. We recognise the international dimension of environmental problems and the role of environmental factors in economic development. # [We have therefore invited Ministers responsible for environmental policies to identify areas for co-operation.] * [We have therefore decided to invite the Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage. The Group is invited to include a section on these matters in the report which it will make to Personal Representatives in time for the next Economic Summit.]

31/2/84

We welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

proposal by the Federal German and Canadian Delegations

* proposal by US and UK Delegations

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15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second Conference in 1985.

16. We believe that manned space stations are the kind of programme that provides a stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of our own national programmes or of different types of international co-operation. In that context we were pleased to receive the invitation from the President of the United States to other Summit countries to participate in the development of such a station by the United States, and we will consider the invitation carefully. We welcome the intention of the United States to report at the next Summit on international participation in their programme.

17. We have agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic of Germany.

Lancaster House

9 June 1984

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THE LONDON ECONOMIC DECLARATION

(Draft of 1220 hrs on 9 June 1984)

We, the Heads of State or Government of seven major industrialised countries and the President of the Commission of the European Communities, have gathered in London from 7 to 9 June 1984 at the invitation of the Rt Hon Margaret Thatcher FRS MP, the Prime Minister of the United Kingdom, for the tenth annual Economic Summit.

2. The primary purpose of these meetings is to enable Heads of State or Government to come together to discuss economic problems, prospects and opportunities for our countries and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

3. At our last meeting, in Williamsburg in 1983, we were

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already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in our countries. It is more soundly based than previous recoveries in that it results from the firm efforts made in the Summit countries and elsewhere over recent years to reduce inflation.

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialised countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and damp down inflationary expectations, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

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5. Not the least of our concerns is the growing strain of public expenditure in all our countries. Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

X 6. As unemployment in our countries remains high, we emphasise the need for sustained growth and ^{the} creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalise capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognised the economic

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interdependence of the industrialised and developing countries. We reaffirm our willingness to conduct our relations with them in a spirit of goodwill and co-operation. To this end we have asked Ministers of Finance to consider the scope for intensified discussion. *with a no Development Check for 1982*

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

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9. We have therefore agreed:-

(1) to continue with and where necessary strengthen policies to reduce inflation and interest rates, to control monetary growth and where necessary reduce budgetary deficits;

(2) to seek to reduce obstacles to the creation of new jobs:

- by encouraging the development of industries and services in response to demand and technological change, including in innovative small and medium-sized businesses;
- by encouraging the efficient working of the labour market;
- by encouraging the improvement and extension of job training;
- by encouraging flexibility in the patterns of

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working time;

- and by discouraging measures to preserve obsolescent production and technology.

(3) to support and strengthen work in the appropriate international organisations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and promoting growth, in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonising standards and facilitating the mobility of labour and capital;

(4) to maintain and wherever possible increase flows of resources, including official development assistance and assistance through the international financial and development institutions, to the developing countries and particularly to the poorest countries; to work with the developing countries to encourage more openness towards private investment flows; and to encourage practical measures in those countries to conserve resources and

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enhance indigenous food and energy production. Some of us also wish to activate the Common Fund for Commodities;

(5) in a spirit of co-operation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:

- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;
- encouraging the IMF in its central role in this process, which it has been carrying out skilfully;
- encouraging closer co-operation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;

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- in cases where debtor countries are themselves making successful efforts to improve their position, encouraging more extended multi-year rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;
- encouraging the flow of long-term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing countries, so these countries can help themselves by encouraging investment from the industrial countries;
- encouraging the substitution of more stable long-term finance, both direct and portfolio, for short-term bank lending.

(6) to invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international

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liquidity # ~~[(including the possibility of a further allocation of Special Drawing Rights)]~~ and the role of the IMF; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the IMF Interim Committee in September 1984.

(7) to carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;

(8) to seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised countries;

(9) to urge all trading countries, industrialised and developing alike, to resist continuing protectionist

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pressures, to reduce barriers to trade and to make renewed efforts to liberalise and expand international trade in manufactures, commodities and services;

(10) to accelerate the completion of current trade liberalisation programmes, particularly the 1982 GATT work programme, in co-operation with other trading partners; to press forward with the work on trade in services in the international organisations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT with a view to decisions at an early date on the possible objectives, arrangements and timing for a new negotiating round.

10. We are greatly concerned about the acute problems of poverty and drought in parts of Africa. We attach major

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importance to the special action programme for Africa, which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international co-operation and mutually supportive action. We will continue to act together to that end.

12. We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries, and on the need to continue work on this subject in the appropriate organisations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of co-operation, and invite the Group to pursue further work and

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to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an international conference to be held in Italy in 1985 on the theme of technological innovation and the creation of new jobs.

14. We recognise the international dimension of environmental problems and the role of environmental factors in economic development. We have invited Ministers responsible for environmental policies to identify areas for continuing co-operation in this field. In addition we have decided to invite the Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage. The Group is invited to report on these matters by 31 December 1984. In the meantime we welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

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15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second Conference in 1985.

16. We believe that manned space stations are the kind of programme that provides a stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of national or international programmes. In that context each of our countries will consider carefully the [generous and thoughtful] invitation received from the President of the United States to other Summit countries to participate in the development of such a station by the United States. We welcome the intention of the United States to report at the next Summit on international participation in their programme.

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17. We have agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic of Germany.

Lancaster House

9 June 1984

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THE LONDON ECONOMIC DECLARATION

(Draft of 0215 hrs on 9 June 1984)

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3. At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in

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Our

~~many of the industrialised countries~~ *It* is more soundly
based than previous recoveries in that it ~~is a reward for~~ *results from* the
firm efforts made in the Summit countries and elsewhere over
recent years to reduce inflation.

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialised countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and damp down inflationary expectations, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

5. Not the least of our concerns is the growing strain ^{*of*} on
public expenditure in ~~all our~~ ^{*many*} countries, especially in some
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~~and on a similar use~~ CONFIDENTIAL

~~countries from an increasing burden of social insurance.~~

Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

6. As unemployment in our countries remains high, we emphasise the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalise capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognised the economic interdependence of the industrialised and developing countries. We reaffirm our willingness to conduct our relations with them

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have action

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in a spirit of goodwill and co-operation. # [To this end we would favour intensified discussion of international financial issues of particular concern to developing countries in the IMF/IBRD Development Committee, an appropriate and broadly representative forum for this purpose.]

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

Canadian proposal

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9. We have therefore agreed:-

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- by encouraging the efficient working of the labour market;
- by encouraging the improvement and extension of job training;
- by encouraging flexibility in the patterns of working time;

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- and by discouraging measures to preserve
obsolescent production and technology.

(3) to support and strengthen work in the appropriate international organisations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and promoting growth, in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonising standards and facilitating the mobility of labour and capital;

(4) to maintain and wherever possible increase flows of resources, including official development assistance # [and assistance through the International Development Association and through the International Agricultural Development Fund], to the developing countries and particularly to the poorest countries; * [~~To activate the Common Fund for Commodities;~~] to work with the developing countries to encourage more openness towards

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United States propose deletion

* French proposal

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private investment flows; and to encourage practical measures in those countries to conserve resources and enhance indigenous food and energy production;

(5) in a spirit of co-operation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:

- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;
- encouraging the IMF in its central role in this process, which it has been carrying out skilfully;
- encouraging closer co-operation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;
- in cases where debtor countries are themselves making successful efforts to improve their position,

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encouraging more extended multi-year rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;

- encouraging the flow of long-term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing countries, so these countries can help themselves by encouraging investment from the industrial countries;

- Encouraging the substitution of more stable long-term finance, both direct and portfolio, for short-term bank lending.

(6) to invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international liquidity # [(including the possibility of a further allocation of Special Drawing Rights)] and the role of the IMF; and to complete the present phase of their work in

NB
Square
brackets

*Am. Int'l. Council
SDR*

United States propose deletion

*Apr. 7.
Ten*

Whether (or not) there should be

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the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee;

(7) to carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;

(8) to seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised countries;

(9) to urge all trading countries, industrialised and developing alike, to resist continuing protectionist pressures, to reduce barriers to trade and to make renewed efforts to liberalise and expand international trade in manufactures, commodities and services;

(10) to accelerate the completion of current trade liberalisation programmes, particularly the 1982 GATT work

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programme, in co-operation with other trading partners; to press forward with the work on trade in services in the international organisations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT # [with a view to decisions ^{at an early date} ~~during the course of 1985~~] on the possible objectives, arrangements and timing for a new negotiating round.

NB
Square
(brackets)

OECD

We are greatly concerned about the ^{acute} ~~current~~ problems of
10. ~~We note with great concern the deterioration of the~~
poverty and drought in parts of Africa.
~~economic situation in many countries of the world, particularly~~
~~in Africa.~~ We attach major importance to the special action programme for Africa, which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

US and Japanese proposal

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*We will continue
to work together to
that end.*

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11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international co-operation and mutually supportive action.

*We will continue to work together
to that end.*

12. We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries, and on the need to continue work on this subject in the appropriate organisations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of co-operation, and invite the Group to pursue further work and to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an international conference to be held in Italy in 1985 on the theme of technology^{ical} innovation and the creation of new jobs.

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14. We recognise the international dimension of environmental problems and the role of environmental factors in economic development. # [We have ~~therefore~~ invited Ministers

responsible for environmental policies to identify areas for co-operation. * [We have ^{in addition} therefore decided to invite the

Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting

environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage. The Group is invited to ^{report} ~~include a~~

section on these matters ^{by 31 December 1984.} ~~in the report which it will make to Personal Representatives in time for the next Economic Summit.]~~

We welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

proposal by the Federal German and Canadian Delegations

* proposal by US and UK Delegations

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15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second Conference in 1985.

16. We believe that manned space stations are the kind of programme that provides a stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of our own national programmes ^{or of different types} ~~or of different types~~ of ~~international co-operation~~. In that context ^{each of us will consider} we were pleased ~~to receive~~ ^{carefully} the invitation from the President of the United States to other Summit countries to participate in the development of such a station by the United States, and we will consider the invitation carefully. We welcome the intention of the United States to report at the next Summit on international participation in their programme.

17. We have agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic of Germany.

Lancaster House

9 June 1984

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FROM: Sir J BULLARD
DATE: 9 June 1984

cc: Mr Coles
Sir R Armstrong
Mr Ingham
Sir C Tickell
Mr Derek Thomas
Mr Goulden
Mr Tait
PS/PUS

Private Secretary

LONDON ECONOMIC SUMMIT : POLITICAL QUESTIONS

1. I attach the 3 texts worked out by Political Directors overnight on the basis of instructions from Foreign Ministers following their discussion at dinner.

2. Foreign Ministers agreed that the text on Iraq/Iran should be a statement by the Chair, not a declaration by the Conference. They thought that it should contain a cross-reference to the Economic Declaration, but at the time of writing (0200 hours) it is not clear that the latter will contain a suitable passage for the link to be possible. This is the meaning of the square bracketed words in para 4.

3. The only disagreed point in the draft declaration on International Terrorism is the final sentence. The French, Germans, Italians and Japanese thought that it was going too far to speak of identifying and condemning those states which sponsor terrorist acts.

4. The declaration on East-West Relations and Arms Control gave the greatest difficulty. The French and Canadians disliked the tone of para 5, with its call upon the Soviet Union to respond to American arms control offers and return to the negotiating table: the rest of us, especially the Japanese, thought that something on these lines was important.

5. At a late stage the Canadian produced the three additional paragraphs 6-8, based on Mr Trudeau's letter to the Prime Minister with its 10 points. We tried to boil these down into a shorter list of four or five, but this was too little for the Canadians and still too much for the French. We did however agree with Mr Burt that he should prompt Mr Shultz or President Reagan to suggest a compromise passage on the following lines:-

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"We believe that East and West have important common interests: in preserving peace; in enhancing confidence and security; in reducing the risks of surprise attack or war by accident; in improving crisis management techniques; and in preventing the spread of nuclear weapons".

I think there is a good chance that the Canadians may accept this if it is put to them at a level higher than that of their Political Director, who had no discretion.

JL Bullard

9 June 1984

J L Bullard

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Re-draft

2345 hrs

8 June

THE IRAQ IRAN CONFLICT

STATEMENT BY THE CHAIR

1. We discussed the Iraq/Iran conflict in all its various aspects.

2. We expressed our deep concern at the mounting toll in human suffering, physical damage and bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.

3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other states. The principle of freedom of navigation must be respected. We are concerned that the conflict should not spread further and we shall do what we can to encourage (the forces of) stability in the region.

4. ^{along the lines set out in para 4 of the} We also considered the implications for world oil supplies. [Appropriate reference to the Economic Declaration.] We noted that the world oil market has remained relatively stable. We believe that the international system has both the will and the capacity to cope with any foreseeable problems through a continuation of the prudent and realistic approach that is already being applied.

^{encourage the United Nations to continue to seek}
5. We believe that a peaceful and honourable settlement is within reach of the parties if political will exists. We shall support any efforts designed to bring this about, particularly those of the United Nations Secretary-General.

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EAST-WEST RELATIONS AND ARMS CONTROL

1. We have a substantial discussion of East-West relations, ~~and found ourselves in agreement.~~

2. We stressed that the first need is for solidarity and resolve among us all.

UK Opinion

3. At the same time, we are determined to pursue the search for extended political dialogue and long-term co-operation with the Soviet Union and ~~all Eastern European States~~. ^{*UK Canada*} Contacts exist and are being developed in a number of fields. Each of us will pursue all useful opportunities for dialogue, ~~while keeping the others informed.~~

4. Our aim is security at the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations, [and the speedy resumption of those now suspended]. ^{*UK*} We are convinced that this would be in the common interest of both East and West. We are in favour of agreements which would build confidence and give concrete expression, through precise commitments, to the principle of the non-use of force.

[5. The US has offered to re-start nuclear arms control talks anywhere, at any time, without pre-conditions. (We look to the Soviet Union to respond and to return to the negotiating table.)]

We look for the speedy resumption of negotiations now suspended as the essential response for the Soviet Union

NOTE: France and Canada propose to insert the words in square brackets in paragraph 4 and to delete the whole of paragraph 5.

for a ~~the~~ constructive outcome

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[6. It is our belief that despite the many differences of outlook and ideology which at present divide East and West, there exist important common goals which can form the basis of progress towards the elimination of the danger of world conflict.

7. Thus it is clear that each side agrees that nuclear war cannot be won and must never be fought; each recognises the need to contain the risks of crises, accidental war and surprise attack; each seeks to increase security and reduce the burden of armaments on its people; each wishes to prevent the proliferation of nuclear weapons; each has undertaken international commitments not to be the first to use force against the other; each is at least beginning to appreciate the legitimate security interests of the other; and each, above all, seeks a safe, prosperous and rewarding future for its children.

Phy 1000
L.

8. If the negotiation of specific issues between East and West can be approached in realization of the extent to which both sides have overriding interests in common, then there is hope for progress towards a stable and enduring peace. It is in this spirit that we will be prepared to conduct and develop their dialogue with the Soviet Union and its allies in the period ahead.]

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Autographed.

Kohl
Phy 1000.

NOTE: Paragraphs 6-8 are proposed by Canada.

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DRAFT DECLARATION ON INTERNATIONAL TERRORISM

1. The Heads of State and Government discussed the problem of international terrorism.
2. They noted that hijacking and kidnapping had declined since the Declarations of Bonn (1978), Venice (1980) and Ottawa (1981) as a result of improved security measures, but that terrorism had developed other techniques, sometimes in association with traffic in drugs.
3. They expressed their resolve to combat this threat by every possible means, strengthening existing measures and developing effective new ones.
4. They were disturbed to note the ease with which terrorists move across international boundaries, and gain access to weapons, explosives, training and finance.
5. They viewed with serious concern the increasing involvement of states and governments in acts of terrorism, including the abuse of diplomatic immunity. They acknowledged the inviolability of diplomatic missions and other requirements of international law: but they emphasised the obligations which that law also entails.
6. Proposals which found support in the discussion included the following:
 - closer co-operation and co-ordination between police and security organisations and other relevant authorities, especially in the exchange of information, intelligence and technical knowledge;
 - scrutiny of ^{by each country} national legislation with a view to closing gaps which might be exploited by terrorists;

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*in order to
harmonise the
substance*

LH

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DECLARATION ON DEMOCRATIC VALUES

Draft after discussion by Heads of State or Government

(1330 8 June 1984)

We, the Heads of State or Government of seven major industrial democracies with the President of the Commission of the European Communities, assembled in London for the Tenth Economic Summit meeting, affirm our commitment to the values which sustain and bring together our societies.

2. We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity.

3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

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4. We believe that, in the political and economic systems of our democracies, it is for Governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which the ideals of social justice, obligations and rights can be pursued; in which enterprise can flourish and employment opportunities can be available for all; in which all have equal opportunities of sharing in the benefits of growth and there is support for those who suffer or are in need; in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery; and in which there can be confidence in the soundness of the currency. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.

5. We believe in close partnership among our countries in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for co-operation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political,

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economic and social systems. We respect genuine non-alignment. We are aware that economic strength places special moral responsibilities upon us. We reaffirm our determination to fight hunger and poverty throughout the world.

6. We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.

7. Strong in these beliefs, and endowed with great diversity and creative vigour, we look forward to the future with confidence.

Lancaster House

8 June 1984

-3-

CONFIDENTIAL



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~4307822~~ 218 2111/3

MO 14/2

8th June 1984

cc Mr Coles
Mr Ingham

Just
8/6

Dear John,

At a meeting of the Ministerial Group on Nuclear Weapons and Public Opinion on Monday at which Bernard Ingham was present, there was some discussion of the increasingly evident anti-Americanism of the "peace movement" and others opposed to the Government's defence policies and of the disruption planned this weekend. It was felt that the Prime Minister might wish to speak about the importance of the US commitment to Europe at her Summit press conference on Saturday. Some speaking notes are attached.

Mr Heseltine would propose to follow this up with further comment later in the weekend if events justify this and a media opportunity remains after the Summit coverage.

I am copying this letter to Roger Bone (FCO), to the Private Secretaries to the Ministerial members of the Group and to Richard Hatfield (Cabinet Office).

Yours etc,

Richard Mottram

(R C MOTTRAM)

A J Coles Esq

DRAFT STATEMENT BY THE PRIME MINISTER

We have been celebrating this week the momentous event of 40 years ago. It was a supreme effort by all the countries involved, but no one should doubt the vital importance of the huge commitment of US manpower, material and moral resources for the success of D-Day.

We have since the War enjoyed an unrivalled period of peace in Europe. But this has not been through the efforts of European countries alone. That is why the full participation in the NATO Alliance of the United States and Canada, with their commitment to the defence of Western Europe equally with their own, has always been an essential and indispensable element of Western European security.

This commitment is clear and unequivocal. The presence in Europe of half a million US and Canadian Servicemen and dependants is its most visible proof and symbol.

But we cannot rely on conventional defence alone. NATO's nuclear deterrent forces - and in particular the nuclear forces of the United States - are an essential element of NATO's security, and we need to maintain this deterrent capability in the defence of Western Europe. We do not doubt that commitment, but we must also ensure that no one else doubts it, either. That is the purpose behind the 1979 twin track decision to modernise INF forces and seek an INF arms control agreement.

We are an alliance of free nations. We debate and discuss our policies in public. Sometimes people see this debate as a

source of weakness. Nothing could be further from the truth. It is our underlying strength that we have to engage in a process of persuading and enthusing our peoples to policies that depend on their support.

Any differences are transcended by the common interest between NATO nations. We are working together to promote that common interest, to continue with the policies that have kept the peace in Europe for 35 years, an essential element of which is the continued and unequivocal US commitment to the defence of Europe.

LES Policy 8.6.84

Working Dinner

Statement of Democratic Values

Following D Day, must all look ahead.

Want to get off to good start by issuing statement tomorrow. So will discuss at noon.

Sherpas will work on text tonight.

Hope you will agree to simple, bold text. Know that some want to add passages on East/West, Gulf, etc. Prefer to deal with these separately. Foreign Ministers will draft and we can discuss at lunch tomorrow.

/ Terrorism

Terrorism

Don't want to discuss now. But would like to discuss either towards end of afternoon plenary tomorrow or at dinner tomorrow night. Then agree a press release.

Concentrate tonight on following.

East/West

Soviets in hibernation. No movement likely for some months.

West must keep nerve. Not be rattled into making concessions.

Stay united and firm.

Readiness for dialogue - but should be measured and controlled (no rush to Moscow).

/ Arms Control

Arms Control

No concessions in face of Soviet intransigence.

Stress readiness to return to negotiations at any time without pre-conditions.

Deployments must continue.

Underline efforts at Stockholm, Vienna and Geneva (Chemical Ban).

Gulf

Latest sitrep to follow.

Still expect Iranian offensive.

Believe Iraqis can hold out provided misrule lasts.

Concern re attacks on shipping - immediate problem is to limit these.

/ Little

Little prospect of successful mediation
in near future.

Oil market relatively calm.
Stock levels high enough to cover any
likely period of disruption.

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Private Secretary

From: Sir J Bullard

Date: 8 June 1984

Copies to:

Mr Coles, No 10
Sir R Armstrong, Cabinet Office

PS/PUS
Mr Derek Thomas
Sir C Tickell
Mr Adams
Mr Egerton
Planning Staff
MAED
Soviet Dept
ESSD
MED
ERD (Mr Tait
News Dept

LONDON ECONOMIC SUMMIT: POLITICAL QUESTIONS

I attach a redraft of the Declaration on Democratic Values prepared by a meeting of Personal Representatives and Political Directors under the chairmanship of Sir R Armstrong late last night. This is intended to be the final draft, for approval by Heads of State/Government today.

among
2. As at the earlier discussion/ Foreign Ministers over dinner, several participants wanted a passage on East-West relations added. But Sir R Armstrong reported the Prime Minister's preference for handling this separately; and Attali (France) categorically refused to consider a draft on this or any other political subject. He said that Mr Mitterrand:

- would prefer no declaration except the economic one;
- was prepared to acquiesce in a Declaration on Democratic Values, because some others wanted it, and because he had had time to study the draft;
- was ready to allow Mrs Thatcher to summarise the conclusions of any other political discussions that might take place, in whatever way she wished, for the benefit of the press.

3. I also attach texts on East-West relations and Arms Control, on the Gulf War and on Terrorism, based on our earlier lists of points but redrafted to take account of the discussion of these subjects by Heads of Government and Foreign Ministers at their respective dinners. On account of the French attitude described above, these redrafts have the status only of internal papers prepared by British officials as an aid to the Secretary of State and the Prime Minister

/as

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as Chairmen of their respective groups; they are not being circulated to other delegations.

4. The Secretary of State said last night that his intention was to revert to political questions at the start of this morning's meeting of Foreign Ministers, to take stock of the overnight work. In view of Attali's remarks he may think that he should not circulate these drafts. But if time permits he could use them orally, to see how far they reflect the consensus at Foreign Minister level. It would be particularly helpful to know the reactions to the points on Terrorism, which go some way beyond what I gather was actually said last night.

JL Bullard

J L Bullard

8 June 1984

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Polish Security
1972

S.A. $\frac{1}{2}$ output

Oil market
shortcuts
W.D. report
No. 3 report to
managers

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17.7

THE GULF WAR

25%

0.507 362

Rev. 6/27/72

1. We discussed the war in the Gulf.
2. We expressed our sadness at the mounting toll in human suffering, physical damage and political bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.
3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other states. The principle of freedom of navigation is precious to us all.
4. We considered the implications for world oil supplies if the conflict continues. We noted with satisfaction that the world oil market has remained relatively stable. We agreed that by continuing to pursue prudent and realistic measures, we can help to limit the effects of any disruption in supplies from this region.
5. We believe that a peaceful and honourable settlement is within reach of the parties if political will exists, and we will support any efforts to bring this about, particularly those of the United Nations Secretary-General.

People do see ships
being sunk, are concerned

and provided we are prepared to
release stocks

EAST-WEST RELATIONS AND ARMS CONTROL

1. We had a substantial discussion of East-West relations, and found ourselves in very close agreement on two fundamental points:

1st in today's circumstances the need is for unity, solidarity and firmness among us all;

Shoy wanted letter

2nd we remain ready for extended political dialogue and long-term cooperation with the Soviet Union and all Warsaw Pact States.

2. Our aim is security at the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations. The US has offered to re-start nuclear arms control talks anywhere, at any time, without preconditions. We look to the Soviet Union to respond and to return to the negotiating tables which it has quitted.

See together with us at same letter. (same) INR
Re-use at same letter.

5

DECLARATION ON DEMOCRATIC VALUES

(Draft of 8 June 1984)

We, the Heads of State or Government of seven major industrial democracies with the President of the Commission of the European Communities, assembled in London for the Tenth Economic Summit meeting, affirm our commitment to the values which sustain and bring together our societies.

2. We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity.

3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

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4. We believe that political and economic freedom are interdependent. It is for Governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which enterprise and employment can flourish; in which all can share in the benefits of growth and society can provide care and support for those in need; in which there can be confidence in the soundness of the currency; and in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.

5. We believe in close partnership with each other in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for co-operation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political, economic and social systems. We respect genuine non-alignment. We acknowledge the moral responsibilities

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that go with economic success. We reaffirm our determination to fight hunger and poverty throughout the world.

6. We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence.

7. We believe that in today's world the ^{OF IMPORTANCE TO} ~~security~~ ^{independence} of each ~~of us~~ ^{of our countries} is the concern of us all. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.

8. Strong in these beliefs, our countries are endowed with unrivalled diversity and creative vigour. With such a heritage we look forward to the future with confidence.

*depend on the
alliance to
of our united
efforts*

We have

in our spirit

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of importance for (the world)



Seen by Prime Minister

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01-211 6402

John Coles Esq
Private Secretary to
the Prime Minister
10 Downing Street
London
SW1

8 June 1984

Dear John

LONDON SUMMIT: LUNCH 8 JUNE

We have had a report from Japanese officials of the meeting which took place yesterday between President Reagan and Mr Nakasone on the question of oil emergency preparedness. It seems that it was agreed that the question of adequacy of oil stock levels would be an appropriate topic for discussion at lunch today, together with the question of the role of oil stock draw-down during a supply interruption. President Reagan apparently invited Mr Nakasone to take the initiative in introducing this topic, which his staff think it likely he will do.

The Energy Brief deals with the question of stock build, drawing attention to the potential effects on the market of any major build up of stocks. We think that stock levels are adequate to cope with any likely disruption.

The Japanese have suggested to us informally that there may be advantage in a meeting of Energy Ministers to carry forward discussion at the Summit. We have suggested to them that such a meeting could be misinterpreted by the market. It might imply serious concern about the present state of oil supplies and our ability to meet any major disruption. As mentioned in the Energy Brief, there is to be a further meeting of senior officials from the Summit countries under IEA auspices in the near future. Discussions could usefully be carried forward at that meeting. It could be confusing to change or duplicate these arrangements.

I am copying this letter to Brian Fall (FCO), Richard Hatfield and David Colvin (Cabinet Office).

Yours sincerely
M F Reidy

M F REIDY
Private Secretary

2008 Jun 08



08 JUN 1984



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Prime Minister

The overnight report

A.S.C. 9/1

FROM: R P HATFIELD
DATE: 8 June 1984

Mr A J Coles
No 10 Downing Street

PERSONAL REPRESENTATIVES' MEETING : 7/8 JUNE

1. The Personal Representatives' discussion this evening resulted in an agreed draft Declaration on Democratic Values. This is attached.

2. The Foreign and Commonwealth Office are preparing words that might be used in any form of statement on the Gulf War, on East-West relations and arms control; and on terrorism. First drafts are attached.

3. The United States are pressing strongly for any statement to be as formal as possible, preferably another Declaration. The French are equally determined that there should be no formal statement. The formula that seems most promising is that the Prime Minister should make a report on "the conclusions of the discussion" of these issues.

4. There should be no difficulty in issuing the statement on Democratic values today (Friday). The Heads of State or Government will clearly need to discuss the other political issues further during the day and, in particular, decide on the form that any public statement is to take.

8 June 1984

R.P.
R P Hatfield

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DECLARATION ON DEMOCRATIC VALUES

(Draft of 8 June 1984)

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3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

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Millions

*(Golds)
million
and*

4. [We believe that political and economic freedom are interdependent.) It is for Governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which enterprise and employment can flourish; in which ^{all can} ^{have} ~~share~~ in the benefits of growth and ^{in which} society can provide care and support for those in need; in which there can be confidence in the soundness of the currency; and in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.

~~and~~ ^{relationship between our countries}
5. We believe in ~~close partnership~~ ^{with each other} in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for co-operation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political, economic and social systems. We respect genuine non-alignment. We ^{are aware of} acknowledge the ^(moral) responsibilities

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full to the developed countries
that ~~go with~~ economic success. We reaffirm our determination to fight hunger and poverty throughout the world.

For our part,
6. We believe in the need for peace with freedom and justice. *Part* Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence.

7. We believe that in today's world ~~the security of each of us is the concern of us all.~~ We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.

will continue to be
8. Strong in these beliefs, our countries are ~~(endowed~~ *great* with ~~unrivalled~~ diversity and creative vigour. ~~With such~~ *a heritage* we look forward to the future with confidence.

and determined with

*This will
lead into
last to the future*

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*Stay with their conviction, Our work
will be*

RESTRICTED

EAST-WEST RELATIONS AND ARMS CONTROL

1. We had a substantial discussion of East-West relations, and found ourselves in very close agreement on two fundamental points:

1st in today's circumstances the need is for unity, solidarity and firmness among us all;

2nd we remain ready for extended political dialogue and long-term cooperation with the Soviet Union and all Warsaw Pact States.

2. Our aim is security at the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations. The US has offered to re-start nuclear arms control talks anywhere, at any time, without preconditions. We look to the Soviet Union to respond and to return to the negotiating tables which it has quitted.

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RESTRICTED

THE GULF WAR

1. We discussed the war in the Gulf.
2. We expressed our sadness at the mounting toll in human suffering, physical damage and political bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.
3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other states. The principle of freedom of navigation is precious to us all.
4. We considered the implications for world oil supplies if the conflict continues. We noted with satisfaction that the world oil market has remained relatively stable. We agreed that by continuing to pursue prudent and realistic measures, we can help to limit the effects of any disruption in supplies from this region.
5. We believe that a peaceful and honourable settlement is within reach of the parties if political will exists, and we will support any efforts to bring this about, particularly those of the United Nations Secretary-General.

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INTERNATIONAL TERRORISM

1. We discussed the continuing menace of international terrorism.
2. Since the Bonn, Venice and Ottawa Declarations, hijacking and kidnapping have declined as a result of improved security measures. But terrorism has developed other techniques. We acknowledged the need for states to take action, both nationally and in conjunction with others, to combat this threat.
3. We all viewed with serious concern the increasing involvement of states and governments in terrorist acts, including the abuse of diplomatic immunity, as in the recent murder of a policewoman in St James's Square, London.
4. We were disturbed to note the ease with which terrorists move across international boundaries, and gain access to weapons, explosives, training and finance.
5. We recognise the importance which must attach to the inviolability of diplomatic missions and to the requirements of international law. But that law brings obligations as well as rights: the principle of reciprocity is fundamental.
6. We resolved to strengthen existing measures against international terrorism and to develop effective new ones. Ideas which found support in our discussion were:
 - a) closer co-operation in the exchange of information on threatened acts of terrorism and on those engaged in international terrorism;
 - b) exchange of information on domestic legislation in the search for gaps which might be exploited by terrorists;
 - c) strict application of the Vienna Convention as it affects the status of diplomats, the size of diplomatic missions and the number

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of buildings enjoying diplomatic immunity;

d) reviewing the sale of weapons to states supporting terrorism;

e) reviewing the level of diplomatic relations and the scale of political contacts with states which sponsor terrorist acts;

f) the expulsion or exclusion from our countries of known terrorists including persons of diplomatic status suspected of involvement in terrorism;

g) a study of the implications of international terrorism for the rules of the Vienna Convention.

7. We intend to take the lead in pursuing these suggestions and in developing action among the international community as a whole to prevent and punish terrorist acts and to identify and condemn those states which sponsor them. In our view, this is a problem which affects all civilised states and not only those assembled here.

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T. JOHN COLES
ROBIN BUTLER

ALL DELEGATIONS

Message from the President of the Republic of Panama

Mrs Thatcher, as Chairman of the Summit, has received a message from the President of the Republic of Panama, addressed to all participating Heads of State or Government.

--- A copy of an English translation is attached.

Summit Secretariat

Lancaster House

8 June 1984

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PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T93A/84

MESSAGE FROM PRESIDENT OF THE REPUBLIC OF PANAMA TO MRS THATCHER

1. A MESSAGE IN SPANISH WAS HANDED TO ME THIS AFTERNOON BY THE VICE MINISTER OM THE PRESIDENCY FROM DR JORGE ILLUECA, PRESIDENT OF THE REPUBLIC OF PANAMA, FOR IMMEDIATE TRANSMISSION TO MRS THATCHER AND THE OTHER PARTICIPANTS IN THE ECONOMIC SUMMIT CONFERENCE. MY TRANSLATION IS AS FOLLOWS:-

PANAMA, 7 JUNE 1984

YOUR EXCELENCY
MARGARET THATCHER
PRIME MINISTER OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

YOUR EXCELENCY
PIERRE ELLIOT H. TRUDEAU
PRIME MINISTER OF CANADA

YOUR EXCELENCY
M. FRANCOIS MITTERRAND
PRESIDENT OF FRANCE

YOUR EXCELENCY
BETTINO CRAXI
PRIME MINISTER OF ITALY

YOUR EXCELENCY
YASUHIRO NAKASONE
PRIME MINISTER OF JAPAN

YOUR EXCELENCY
HELMUT KOHL
FEDERAL CHANCELLOR
FEDERAL REPUBLIC OF GERMANY

YOUR EXCELENCY
RONALD REGAN
PRESIDENT OF THE UNITED STATES OF AMERICA

YOUR EXCELENCIES,

I HAVE THE HONOUR TO APPROACH YOUR EXCELENCIES TO SEND YOU MY BEST WISHES FOR THE SUCCESS OF YOUR 10TH SUMMIT CONFERENCE, EXPRESSING AT THE SAME TIME THE HOPE THAT YOUR IMPORTANT DULIBERATIONS BE TRANSLATED INTO URGENT DECISIONS WHICH WILL ALLEVIATE THE SHORT TERM PROBLEMS AND AT THE SAME TIME GIVE RISE TO WORLD

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WIDE NEGOTIATIONS OF HIGH POLITICAL CONTENT WHICH ASSURE A JUST AND BALANCED DEVELOPMENT OF THE INTERNATIONAL ECONOMY AND IN PARTICULAR THE ECONOMY OF DEVELOPING COUNTRIES.

AS PRESIDENT OF THE REPUBLIC OF PANAMA IN THE HEART OF LATIN AMERICA, I WISH TO ASSOCIATE MYSELF WITH THE TRANSCENDENTAL MESSAGE OF THE PRESIDENTS OF ARGENTINA, BRAZIL, ECUADOR, MEXICO, PERU AND VENEZUELA, SYMMSQH YOUR EXCELENCIES AS THE POLITICAL LEADERS OF THE SEVEN MAIN INDUSTRIAL COUNTRIES AND TO INVOKE ALSO THE IMPORTANCE THAT IN YOUR WORK, CONSIDERATION IS GIVEN TO THE DECLARATION AND PLAN OF ACTION OF QUITO PROCLAIMED AT THE LATIN AMERICAN ECONOMIC CONFERENCE ON 13 JANUARY 1984 OF WHICH I HAVE THE HONOUR TO HAVE BEEN ONE OF THE SIGNATORIES.

THE SITUATION OF LATIN AMERICA CAN BE VISUALISED THROUGH A DEEP AND PROGRESSIVE SOCIAL AND ECONOMIC DETERIORATION WHICH IS CLOSELY REFLECTED BY THE FACT OF POLITICAL AND INSTITUTIONAL INSTABILITY.

THE FINANCIAL DEMANDS TO WHICH LATIN AMERICA HAS BEEN SUBJECTED HAVE BEEN EXTREMELY SEVERE AND HAVE BROUGHT TO THE COUNTRIES IN THE REGION A DRASTIC REDUCTION OF THEIR LEVELS OF INCOME AND STANDARD OF LIVING OF THE PEOPLE, ESPECIALLY IN THE LOWER INCOME GROUP. THUS IT IS CLEARLY NOTICEABLE THROUGH:-

- A) THE PRODUCT PER HEAD IN THE REGION BEING REDUCED BY 11 PER CENT IN THE PERIOD 1980-83
- B) UNEMPLOYMENT AND UNDEREMPLOYMENT WHICH HAS GROWN IN A PROPORTION UNKNOWN SINCE 1945
- C) THE INFLATIONARY PRESSURES WHICH ARE THE HIGHEST IN THE WORLD WHICH ARE NOT LETTING UP.

THE INDICES OF EXTERNAL DEBT, DESPITE THE STRONG REDUCTION OF THE NET INFLOW OF CAPITAL IN 1982/83, EXCEED US DOLLARS 310 THOUSAND MILLION, IN OTHER WORDS, MORE THAN THREE TIMES THE ANNUAL VALUE OF EXPORTS FROM THE REGION.

IT SHOULD BE NOTED THAT THE SERVICE OF THIS DEBT COMMITS LARGE PROPORTIONS OF INFLOW OF FOREIGN CURRENCY EARNED THROUGH EXPORTS. AS AN ILLUSTRATION, IN 1983 THE PAYMENT OF INTEREST OF THE DEBT REPRESENTED MORE THAN 50 PER CENT OF ITS EXPORTS. THIS YEAR LATIN AMERICA TRANSFERRED US DOLLARS 31 THOUSAND MILLION IN RESPECT OF INTEREST AND PROFITS WHICH IS EQUIVALENT TO 3.97 PER CENT OF THE GROSS NATIONAL PRODUCT OF THE REGION AND ALMOST 50 PER CENT OF THE NET SAVINGS OF LATIN AMERICA.

IN SHORT, THE COUNTRIES OF THE REGION FIND THEMSELVES OBLIGED TO REMIT ABROAD MORE RESOURCES THAN THEY RECEIVE, THEREBY FINDING THEMSELVES OBLIGED TO REDUCE THE VOLUME OF RESOURCES TO BE USED TO SATISFY THE BASIC NEEDS OF THEIR POPULATION.

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THE CHALLENGE WHICH CONFRONTS THE REGION CANNOT THEREFORE BE LIMITED TO REDUCING THE RATES OF INFLATION BUT MORE TO THE PROMOTION OF AN INTEGRAL SYSTEM OF DEVELOPMENT OF THE COUNTRIES WHICH WILL ALLOW THEM TO USE THE INTERNAL POTENTIAL OF THEIR ECONOMIES AND TIED TO A MORE DYNAMIC AND SELECTIVE INTERNAL DEVELOPMENT. THIS EFFORT OF ECONOMIC AND SOCIAL DEVELOPMENT WITHOUT DOUBT URGENTLY REQUIRES THE SOLID SUPPORT OF THE INTERNATIONAL COMMUNITY, BEARING IN MIND THAT THE MAIN RESPONSIBILITY FOR THIS EFFORT WILL FALL TO THE LATIN AMERICAN COUNTRIES THEMSELVES.

THERE IS NO DOUBT THAT THE INTEGRAL DEVELOPMENT OF LATIN AMERICA WILL REQUIRE AN EFFECTIVE SOLUTION TO THE PAYMENT OF THE EXTERNAL DEBT, WHICH IN THE PRESENT CIRCUMSTANCES IS CAUSING THE BIGGEST DETERIORATION IN THE SOCIAL AND ECONOMIC CONDITIONS IN THE REGION.

IN THE RENEGOTIATION OF THE EXTERNAL DEBT NO COUNTRY IN LATIN AMERICA OUGHT TO COMMIT ITS NATIONAL INCOME BEYOND A PERCENTAGE WHICH COMPROMISES THE STABILITY OF ITS SOCIAL DEVELOPMENT. IT IS ESSENTIAL TO FIGHT THE DETERIORATION OF SOCIAL AND ECONOMIC DEVELOPMENT AND EVEN LESS EXPOSE THE DEBTOR COUNTRIES TO INSTITUTIONAL AND SOCIAL INSTABILITY WHICH NOT ONLY WOULD AFFECT ITS ABILITY TO PAY BUT AT THE SAME TIME WOULD CAUSE UNPRECEDENTED MAJOR CHAOS.

AS PRESIDENT OF THE 38TH GENERAL ASSEMBLY OF THE UNITED NATIONS AND PRESIDENT OF THE PREPARATORY COMMISSION FOR THE COMMEMORATION OF THE 40TH ANNIVERSARY OF THE WORLD ORGANISATION, I AM CONFIDENT THAT YOUR EXCELENCIES WILL HAVE PRESENT IN YOUR MINDS DURING YOUR DELIBERATIONS, THE MOTIVES WHICH DROVE THE GENERAL ASSEMBLY TO APPROVE RESOLUTION 34/138, IN WHICH IT WAS DECIDED TO LAUNCH GLOBAL NEGOTIATIONS ON INTERNATIONAL ECONOMIC COOPERATION FOR DEVELOPMENT, WHICH SHOULD INCLUDE IMPORTANT MATTERS IN THE FIELD OF BASIC PRODUCTS, ENERGY, TRADING, DEVELOPMENT, MONEY AND FINANCING.

THIS FORTUNATE DEVELOPMENT MEETS THE PROFOUND CONCERN OF THE INTERNATIONAL COMMUNITY, IN PARTICULAR THE DEVELOPING COUNTRIES, BECAUSE OF THE LACK OF CONCRETE PROGRESS IN THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER.

WITH TIME THE SITUATION HAS GROWN WORSE SINCE THE INTERNATIONAL MEETINGS AND CONFERENCES WHICH HAVE TAKEN PLACE TO DATE HAVE NOT MADE ANY SIGNIFICANT PROGRESS THROUGH THE ACTIONS OF THE INTERNATIONAL COMMUNITY TO REPRESENT COUNTRIES IN AFRICA, LATIN AMERICA AND ASIA IN THEIR EFFORTS TO PROMOTE THEIR DEVELOPMENT.

THE GRAVE ECONOMIC CRISIS FROM WHICH THE WORLD HAS BEEN SUFFERING IN THE LAST THREE YEARS HAS HAD SERIOUS REPERCUSSIONS ON THE GREAT MAJORITY OF DEVELOPING COUNTRIES AS MINISTERS OF THE GROUP OF 77 POINTED OUT IN BUENOS AIRES. THE STAGNATION OF THE GROSS INTERNAL PRODUCT, DEBT, THE DETERIORATION IN THE TERMS OF

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TRADE, THE IMPOSSIBILITY OF OBTAINING FINANCIAL RESOURCES ON SOFT TERMS, THE RAVAGES CAUSED BY GROWING PROTECTIONISM, INADEQUATE INTERNATIONAL LIQUIDITY, HAS DRIVEN MANY OF THESE COUNTRIES INTO A SITUATION OF DEEP SOCIAL AND ECONOMIC DEPRESSION.

I MUST INSIST THEREFORE, AS I DID BEFORE THE GENERAL ASSEMBLY, THAT IF TO THIS PICTURE IS ADDED THE DIFFICULT SITUATION IN WHICH THE POOREST COUNTRIES FIND THEMSELVES WITH PROBLEMS OF UNEMPLOYMENT, HUNGER, MALNUTRITION AND HEALTH, I DO NOT THINK I AM WRONG IN EMPHASISING THAT IF SUCH CONDITIONS CONTINUE THE SOCIAL REPERCUSSIONS OF THE ECONOMIC CRISIS CAN DRAG MANY OF THESE COUNTRIES INTO INCALCULABLE POLITICAL DISASTERS WHICH WOULD AFFECT INTERNATIONAL PEACE AND SECURITY.

THESE FACTS UNDERLINE THE URGENT NEED TO BRING TO ITS CULMINATION THE PROCESS UNDERTAKEN IN THE 38TH GENERAL ASSEMBLY WITH THE POSITIVE PARTICIPATION OF THE DISTINGUISHED REPRESENTATIVES OF THE COUNTRIES OF YOUR EXCELENCIES. THESE EFFORTS HAVE BEEN DIRECTED TOWARDS THE FORMULATION BY CONSENSUS OF A FOCUSING OF ATTENTION AND SENSIBLE AND PRAGMATIC PROCEDURES WHICH MAKE COMMENCEMENT OF GLOBAL NEGOTIATIONS WITHIN THE FRAMEWORK OF THE UNITED NATIONS VIABLE. I BELIEVE I AM ACTING IN ACCORD WITH THE PRINCIPLES AND AIMS OF THE CHARTER OF SAN FRANCISCO BY INVITING YOUR EXCELENCIES TO CONSIDER FAVOURABLY AND I HOPE OF COMMENCING A NEW HIGH LEVEL NORTH/SOUTH DIALOGUE TO MOTIVATE GLOBAL NEGOTIATIONS, CONSIDERING THE INTEREST SHOWN BY THE HEADS OF GOVERNMENT OF DEVELOPING COUNTRIES.

NOTHING WOULD BE MORE HOPEFUL FOR HUMANITY THAN ON THE OCCASION OF THE CELEBRATION OF THE 40TH ANNIVERSARY OF THE BIRTH OF THE UNITED NATIONS FOR A NEW PATH TO BE OPENED TOWARDS A NEW NORTH/SOUTH SUMMIT TO MEET THE EXPECTATIONS WHICH THE INTERNATIONAL COMMUNITY NURTURES DURING YOUR MEETING IN LONDON.

IT IS A PLEASURE FOR ME TO REITERATE TO YOUR EXCELENCIES MY FERVENT WISHES FOR THE SUCCESS OF YOUR TASKS, AND AT THE SAME TIME I TAKE THE OPPORTUNITY TO RENEW TO YOU THE ASSURANCES OF MY MOST DISTINGUISHED CONSIDERATION.

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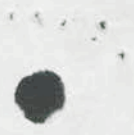
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JORGE E. ILLUECA
PRESIDENT OF THE REPUBLIC OF PANAMA

PRESIDENT OF THE XXXVIII GENERAL ASSEMBLY
OF THE UNITED NATIONS

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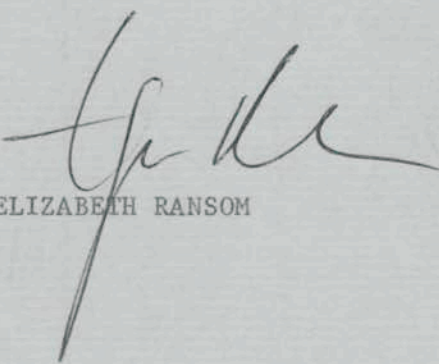
Mr Tomball.

MR BARCLAY ✓

8 June 1984

LONDON ECONOMIC SUMMIT - REPORT OF THE TECHNOLOGY, GROWTH AND EMPLOYMENT
WORKING GROUP

It is not clear to us whether you will have received the final version of the
Technology, Growth and Employment Working Group Report. I enclose a copy.


ELIZABETH RANSOM

REPORT OF THE TECHNOLOGY, GROWTH AND EMPLOYMENT
WORKING GROUP TO THE LONDON ECONOMIC SUMMIT

INTRODUCTION

1. The Technology, Growth and Employment Working Group was set up after the Versailles Summit in 1982, following a report presented to that Summit by the President of the French Republic. The Group submitted a report to the Williamsburg Summit in 1983. The Group has met twice in 1984 and agreed that in reporting to Heads of State and Government at the London Economic Summit, its role is not only to record progress on the 18 international collaborative projects initiated last year but also to identify key science and technology issues which relate to economic growth and employment. In particular it is concerned to examine the ways in which, in the interests of promoting growth, the development, adoption of and adaptation to new technologies might be enhanced. Accordingly, it is interested in the ways in which economic, trading and other policies impinge on the development and interchange of ideas and technology, as well as how new technology can contribute to the continued revival of industrial and commercial activity, and thereby to employment creation.

2. The Working Group's report to the Williamsburg Summit of 1983 was prepared before the signs of economic recovery now perceptible became apparent. But its themes and recommendations are just as important and relevant today because we are concerned with the strategic impact of modern technology which relates to the whole trend of economic growth rather than to the detail of economic cycles. Decisions taken by governments, commerce and industry about the introduction, exploitation and control of new technologies will critically shape the long term future of our economies and societies. Therefore it is essential that these decisions should be informed not only by an understanding of the great potential of modern technology but also by an appreciation of the human dimension and the need to maximise both human resources and the development of human welfare.

3. The report sets out the role of new technologies in stimulating economic growth, identifies some of the obstacles to the introduction of new technologies which are susceptible to government influence, focusses on one area, technology and the environment, which illustrates some of these issues and the value of international science and technology collaboration, and describes progress in the 18 areas for co-operation.

TECHNOLOGY AND ECONOMIC GROWTH

4. Technological development is one of the primary sources of economic growth. The inhibition of technological development through, for example, obstacles and barriers to trade in the products of new technologies acts to depress the rate of world economic growth. Thus the Working Group, whilst appreciating that the introduction of labour-saving technology during periods of relatively high unemployment such as those currently experienced by most of the Summit countries may be seen as threatening, is convinced that the necessary impetus to rejuvenate industry, promote trade and develop human welfare must come primarily from the introduction of new technologies. New technology can: -

- i. improve the productivity of the mature industries which will remain major contributors to the economic growth of the industrially developed countries;
- ii. develop new products for industry, commerce and the consumer and so stimulate industrial and commercial activity;
- iii. through robotics and other automated techniques make work less tedious and the workplace less hazardous, whilst enhancing the quality of products through improved manufacturing and quality control techniques;
- iv. create entirely new services (particularly through the use of information technology) and so lead to increased employment opportunities;
- v. improve efficiency in the use of scarce resources, including energy, and conserve rare materials;
- vi. offer solutions to problems of malnutrition and disease especially in less developed countries, through developing advanced technologies in medicine and food production;
- vii. improve the environment, through more efficient manufacturing technologies.

5. For these reasons, the introduction of new technologies must be encouraged. It is important, therefore, to be aware of the obstacles to their introduction, and devise policies which help to overcome these obstacles.

OBSTACLES TO THE INTRODUCTION OF NEW TECHNOLOGIES

6. In removing obstacles to the introduction of new technologies, two issues face our Governments: -

- i. the maintenance of a free flow of international trade in high technology products compatible with the security interests of the Summit countries;
- ii. the acceptability of new technologies generally in society and particularly in the work place.

7. The free flow of high technology products is influenced by the general climate for trade which will be discussed at the London Economic Summit. But there are also two special factors: -

i. the effect of security considerations in east-west trade on scientific, technological and trading relationships between Summit countries. The possible military application of high technology components, products and production know-how, and the lead in these products and technologies enjoyed particularly by the Summit countries, has persuaded governments of the need for effective controls over the destination of such products and production technologies. Nevertheless, scientific progress, technological innovation and economic development can be maintained only if we continue to exchange scientific and technological information and encourage trade amongst ourselves to the greatest possible extent.

ii. the wish of countries to develop and maintain their own indigenous high technology capacity. The Working Group recognises the necessity to develop and spread appropriate technologies in all countries. However, there is a temptation for countries to erect tariff and non tariff barriers to trade especially whilst high technology industries are in their infancy. There are presently a number of such barriers affecting the free flow of high technology goods between Summit countries. For example, the application of different standards and testing procedures fragments the market, which in turn inhibits the growth of dynamic new industries. It also provides the conditions for the establishment of private and state monopolies and standards with consequential obstacles to international competition. One welcome feature of the international collaboration instigated by the work of the Working Group has been the opportunity it has created to establish common standards at an early stage in the development of certain technologies, eg advanced materials, advanced robots and photovoltaic solar energy. One way forward lies in sustaining science and technology collaboration through to the point of industrial competition. The Working Group urges that these and other measures be taken to reduce and eventually eliminate barriers.

TECHNOLOGY AND SOCIETY

8. Our report to the Williamsburg Summit of 1983 noted that

"the fate of our scientific and technological innovations is largely a function of the willingness of the public to accept them. More attention to the problem of public acceptance of new technologies is needed".

9. The introduction and development of new technologies, properly managed, can effect changes which make for a better future, in developed and developing countries alike. In order to realise the benefits of the integration of new technologies with society's needs, consideration needs to be given to the following: -

i. equipping people to handle and exploit these changes, and responding to the education and training implications of life and work in an increasingly technological society;

ii. taking actions to pre-empt the understandable concern of the public about the implications of new technologies. For example, Governments as major users of new technologies, especially information technology, have a special responsibility for introducing such technologies, thereby demonstrating their value and the opportunities they create;

iii. being sensitive to and planning for the structural alterations associated with changing work patterns, eg housing, transport and leisure needs.

10. Two of the 18 areas of collaboration are relevant. One of these is the study of the public acceptance of new technologies: projects have been established in various Summit countries focussing on attitudes to new technologies and case studies of the introduction of new technologies.

11. The second study concerns new technologies applied to education, training and cultural development and aims to promote international collaboration in the biggest change in educational methods since the invention of printing. Information technology will lead to the creation of radically new forms of educational material, particularly software programmes and electronic databases and novel ways to disseminating this eg satellite transmission of television programmes. These should be made available on an international basis, having due regard for proprietary concerns, and experience in the use of these techniques should be shared.

12. Particular attention should be paid to the role of education in preparing for an increasingly technological society. This implies acquainting all school children with key science and technology concepts, but avoiding early or over-specialisation, given the rapid changes in demands for skills and expertise in the employment market. Re-training during the working life will also be important.

ENVIRONMENTAL PROTECTION ISSUES

13. The working group considers that it is timely to draw attention to the close relationship between science and technology and environmental protection issues for a number of reasons: -

a. the mounting concern about the impact of industrial and agricultural processes on the environment which could limit the application of new technologies and hence retard economic growth;

b. the extent to which public confidence in technological developments might be tempered by environmental considerations. It should be recognised that all environmental impacts of new technology must be studied at an early stage of development;

c. the international dimension of environmental problems, both in terms of trans-boundary pollution and the necessity for international collaboration in tackling both the basic scientific problems and the technological solutions.

14. The Working Group welcomes the progressive inclusion of environmental issues on the international scientific agenda, particularly the sharing of information and the development of research programmes under the auspices of the United Nations Commission for Europe, the World Meteorological Organisation, the European Communities, the United Nations Environment Programme and the International Council of Scientific Unions.

15. The Working Group recommends that research into environmental protection issues should continue to be given high priority in national and international science and technology organisations (public and private), in particular research into: -

- i. the processes involved in acid deposition and how these relate to perceptible environmental damage such as reductions of freshwater fish stocks and fir and spruce forest deterioration;
- ii. the safe storage and disposal of radio-active waste;
- iii. the protection of the marine environment;
- iv. world climate and climate change eg the impact of increasing levels of carbon-dioxide in the atmosphere;
- v. the development and introduction of more efficient energy generating technologies compatible with a significant reductions in emissions.

16. The Working Group has not thought it appropriate to recommend the inauguration of a new programme of international collaboration on a par with the existing 18 project areas, since it believes patterns of collaboration through existing organisations can be harnessed. Some of the 18 areas of collaboration are relevant, for example, remote sensing from space. However, it considers national Governments must be sensitive to the impact on the environment of their industrial policies and promote the balanced development of new technologies, so that they do not bring with them new environmental problems.

PROGRESS IN THE 18 AREAS FOR CO-OPERATION

17. The Working Group has noted with pleasure the growth of international collaboration in the 18 different areas for co-operation identified in its report to the Williamsburg Summit of 1983. Developing effective international collaboration takes time but nonetheless, significant progress has been made in many areas in one or more of the following respects:

- a. the establishment of effective and informal international networks between research institutes in specific fields of science and technology;
- b. the identification and initiation of collaborative research activities within the chosen areas for co-operation;
- c. the involvement of countries outside the Economic Summit grouping and and of relevant international science and technological organisations.

18. Individual progress reports are attached in the Annex, but there are a number of general observations which can be made.

19. The nature of the agreed international co-operation differs between the areas. In several, the working groups have agreed the basis on which they will continue to exchange information arising from existing national programmes. In some, this had led to the inauguration of regular seminars and meetings to discuss research results. In others, the groups have tried to identify a framework for research within which new national projects can be planned, which will mean those projects will produce results which are comparable across national boundaries.

20. In both these types of collaboration, close bilateral and multi-lateral relationships have developed between research institutes, which hold out the prospect of genuine joint projects in the course of future collaboration.

21. In certain other topic areas, notably those where there has been already a good deal of international co-operation through existing institutions (for example remote sensing from space, biological sciences), the setting up of the working groups has created the opportunity to review the effectiveness of current collaborative machinery and to identify ways forward. The aim has been to assist the planning of programmes within existing networks of collaboration.

22. Effective cost sharing is becoming a more important element in the construction of major new facilities. Collaborative projects would benefit if coherent long term plans for the construction and sharing of facilities in our countries were to be developed.

23. Where appropriate, non Summit countries have participated in seminars, and other project activities. The scope for the involvement of non-Summit countries or other scientific and technological organisations is, of course, different in each of the chosen areas for co-operation. The Working Group has reaffirmed that the principal criterion for such involvement must be the benefit that co-operation in a chosen area might acquire by this participation.

24. In sum, the activities stimulated by the Technology, Growth and Employment initiative have both improved the climate of international co-operation and helped to focus national science and technology discussions. In this way, they have strengthened the links between national and international science and technology.

25. In looking to the future, the Working Group is firmly of the view that a failure to take up opportunities for international collaboration may be just as prejudicial to the introduction of new technologies and hence to economic growth as the obstacles referred to earlier in the report.

Area for Collaboration: Photovoltaic Solar Energy

Lead countries: Japan, Italy

Participants: EC, France, FRG, UK

Observers: Canada, USA

Invited international organisations: International Electrotechnical Commission

Aims

To exchange information and experiences on photovoltaics, including Government incentive policies, basic materials research activities, and national strategic options.

To develop proposals for common research.

To establish common evaluation methods for photovoltaic cells and modules.

To set up a list, to be regularly updated, of photovoltaic research centres open to visiting scientists and exchange programmes.

To mount on site joint studies.

Activities

The first joint co-ordination meeting agreed on the need to provide a report on the status of photovoltaic R & D in each country, and the desirability of establishing agreement on common evaluation methods for photovoltaic cells and modules. Japan proposed the organisation of two week long visits to selected institutions and installations in Japan, and it was agreed similar visits would be arranged in relationship to other participating countries. The subsequent experts meeting focussed on establishment of common evaluation methods for photovoltaic cells, starting with reference cells.

Outlook

By June 1984, a list of the places for the two weeks visiting programme will be established, and the agenda for the second joint co-ordination meeting will be agreed. This second meeting will take place in Tokyo in November, to be followed by a further experts meeting in June 1985.

Area for Collaboration	Controlled Thermonuclear Fusion
Lead Countries	USA, European Communities
Participants	Canada, France, FRG, Italy, Japan, UK
Observers	--
Invited International Organizations	--

AIMS

1. Accelerate world development of a new energy source using practically inexhaustible fuels and possessing potential advantages from an environmental point of view.
2. To avoid duplication of costly equipment and installations.
3. To study the possibility of carrying out joint projects in the medium term.

ACTIVITIES

The working group reviewed the present status of the fusion programs of the Summit countries and their associated international activities. The three major programs are those of the USA, Japan and a joint program within the European fusion community. Recognizing that the remaining efforts to develop fusion into a new energy source will require considerable time and expense, the Working Group recommends that a consensus be sought on the desirable strategy in fusion in order to facilitate early joint planning to coordinate individual programs.

OUTLOOK

The next step following the London Summit is to establish a process to reach such consensus on the minimum number of objectives and machines that are required on scientific and technological grounds to reach the ultimate goal.

The next step will begin at the next meeting of the Working Group scheduled for July 1984.

Area for collaboration	Photosynthesis and photochemical conversion of solar energy
Lead country	Japan
Participants	France, U.K., U.S.A., European Communities (F.R.G. and Italy)
Observers	-
Invited International Organizations	-

Aims

To promote basic research concerning photosynthesis and photochemical conversion and to develop artificial photosynthetic systems through the exchange of information and scientists and cooperative research.

Activities

According to the agreement at the first expert meeting held in Tokyo in November, 1982, each participating country is making a list of researchers and institutes engaged in photosynthesis and photochemical conversion of solar energy.

A meeting was held in Brussels during the Sixth International Congress on Photosynthesis in August, 1983. The participants from Japan, France, U.K. and the European Communities (F.R.G., Italy, Belgium, and the Netherlands) exchanged their views on possible cooperation.

Japan has sent the list of Japanese researchers and institutes to all participating countries.

Outlook

Japan is willing to compile a comprehensive list immediately after receiving each country's list.

The second expert meeting is considered to be held in Tokyo in 1984 to study the future mode of cooperation.

Area for Collaboration

Fast Breeder Reactors

Lead Countries

United States, France

Participants

Federal Republic of Germany,
United Kingdom, Italy,
Japan, European Communities

Observers

--

Invited International Organizations

--

AIMS

1. To help provide a stable and supportive atmosphere for facilitating orderly breeder development.
2. To encourage international cooperation in breeder development.

ACTIVITIES

The working group emphasized that in many areas of breeder R&D a high degree of international cooperation exists already, but there might be a limited number of additional technological areas where international cooperation might be beneficial, e.g. safety collaboration, cost reduction design options. However, the members of the Group agreed that their purpose was not to foster technological cooperation or studies, but rather to encourage national leadership to pursue breeder development as a reliable, economical, and safe energy source. The Group prepared a strong statement supporting breeder technology for the London Summit meeting.

OUTLOOK

Consultation during the summer will determine whether another meeting in 1984 is necessary. If so, it would be held in the United States in November.

Area for collaboration:	Food Technology
Lead Countries:	France, UK
Participants:	European Community
Observers:	FRG, Italy
Invited International Organisations:	-

Aims

1. To collaborate on food research programmes and to encourage transfer of existing research knowledge to the stage of application.
2. To support international initiatives in the field of safety evaluation and in particular covering good laboratory practice and the harmonization of testing guidelines for food additives and novel foods.
3. To co-ordinate fundamental research programmes in the field of safety evaluation targeted on validation of alternative testing systems and on developing an understanding of the mechanisms of the toxic effect.
4. To collaborate on areas of research and training in the field of food technology and relevant to the Third World.

Activities

The initial project report has been considered by all Member States of the Versailles Working Group and the comments received by the co-leaders have been incorporated in an action plan for the project. The action plan contains proposed areas of collaboration and was circulated to Member States in early May 1984.

Outlook

Member States have been requested to identify their interests in the areas contained within the action plan. Receipt of this response from Member States will allow the establishment of a detailed programme, involving the appointment of leaders and members of collaborating groups and the identification of interested institutes. It is hoped to establish these groups before the end of 1984 and to initiate the collaborative arrangements during 1985.

Area of Collaboration:
Lead Country:
Participants:

Aquaculture
Canada
FRG, France, Italy, Japan, UK, USA, EEC

Aims

1. To document the present production and R & D programmes in member countries, and estimate the economic trends from aquaculture until 1990.
2. To review and analyse trends that lead to changes in the technological elements (eg water quality, health, reproduction and stock improvement, husbandry, nutrition and food technology and biological optimisation of production systems), and in the economic and legal elements of broad application to aquatic animal and plant production in temperate climates.
3. To stimulate thinking on the research and development resources that will be required by both public and private sectors.
4. To strengthen existing collaborative efforts among member countries and foster initiation of new ones where appropriate, and to specify areas and means of cooperation foreseen until 1990.
5. To provide a continuing forum to consider the contribution that Science and Technology can make to aquaculture in the seven countries and the EEC, to economic growth and employment opportunities, and to outline paths to achieve advances.

Activities

The Planning Group on Aquaculture met in France and Canada in 1983, and in UK in 1984, providing a unique role in serving aquaculture growth areas. Three workshops and seven scientific study groups are structured, and extensive documentation has been exchanged. Next meeting will be in May 1985 at Washington, USA.

Outlook

Arrangements are in hand for a workshop on shellfish to be held in France, now rescheduled to March 1985, with tentative arrangements for one on salmonids in Japan, and one on crustaceans in Italy. Leadership on study groups is provided by FRG (1), Italy (1), UK (1), USA (2), and Canada (2). Preliminary results of first study group on water quality identified some serious constraints on design criteria that could create unnecessary investment risks, and a collaborative research project to address problems. A logo to identify publications endorsed by Group was accepted with protocols on publication, workshop planning, and role of Secretariat now being finalised. Other initiatives include an effort to foster exchanges in 1985, the International Youth Year, for those developing careers in aquaculture, and identification of spin-off benefits to developing countries.

Area of Collaboration

Remote Sensing from Space

Lead Country

USA

Participants

Canada, Federal Republic of Germany, France, Italy, Japan, the United Kingdom, and the European Communities

Observers

European Space Agency

Invited International Organizations

European Space Agency

AIMS

1. To exchange information on remote sensing programs and plans in participating countries.
2. To coordinate remote sensing programs and plans with a view to avoiding duplication of efforts and fostering compatibility of activities to enhance the value of these programs in addressing critical global phenomena.
3. To promote bilateral or multilateral collaboration and cooperation in remote sensing activities in order to enhance scientific return of programs and use budget resources more efficiently.

ACTIVITIES

The Panel of Experts on Remote Sensing from Space concluded that significant progress has been made on coordinating and implementing remote sensing activities as outlined in last year's report and that the Summit activities have fostered that progress. The Panel recommended new cooperative activities in weather satellites and streamlining of activities in the remote sensing area for future Summits. Specifically, the Panel agreed on establishment of an informal technical group for international cooperation in support of polar-orbiting meteorological satellites. The Panel also proposed merger of several activities involving coordination of national satellite programs, elimination of one project from the Summit process and refinement of the definition of other projects. The Panel took note of new developments in remote sensing and in activities relevant to remote sensing-- such as the recent United States announcement of a Space Station initiative. The Panel discussed the value of remote sensing satellite measurements to climate change detection and offered to support as appropriate any initiative the Working Group undertakes in this area.

OUTLOOK

Meetings among participating nations on specific topics will be arranged during 1984 and early 1985 as outlined in the Panel report. Other bilateral and multilateral contacts in specific project areas will also continue. The Panel expects to prepare a further status report in the spring of 1985 based on bilateral and multilateral experts' meetings to be held in early 1985.

Area of Collaboration:	High Speed Trains
Lead Countries:	France, Federal Republic of Germany
Participants:	Italy, Japan, UK
Observer:	European Communities
Invited international organisation:	UIC (International Union of Railways)

Aims

1. to intensify the exchange of scientific, technical and economic data of the development and construction of high speed systems,
2. to elaborate the methodical basis for the socio-economic assessment of high speed systems.
3. to carry out a feasibility study on high-speed land transport networks.

Activities

Two separate working groups have been set up, one for the technological, the other for the socio-economic aspects of high speed systems. A first symposium was held at Munich and Lathen from October 25-27 1983. At this symposium the international state-of-the-art of the development of high speed technology was documented and further cooperation between industries, institutes, railway companies, and ministries concerned has been initiated. The second working group has convened multilateral meetings (including the 11 countries participating in the technology symposium, OECD and CEMT) in order to discuss framework conditions and criteria for the introduction of high-speed systems.

Outlook

A second symposium on the socio-economic aspects will take place in Paris from October 22-26 1984. The two working groups will continue their discussions thereafter.

Area for Collaboration:	Housing and Urban Planning in developing countries
Lead countries:	France
Participants:	Italy, Canada, United Kingdom, Japan, European Communities
Observers:	-
Invited International Organisations:	-

Activities

During the course of contact made with the international secretariat for the project "Housing and Urban Development in Developing Countries", participants were supplied with a working document by the lead country dated February 1984. This document gave rise to an exchange of opinion which has clarified ideas about initial activities which might be adopted with the least delay. Ideas focussed on:

- i. Details concerning cooperation in housing and urban development in developing countries.
- ii. Consideration of training needs, including spreading awareness of and expanding current training programmes, and establishing an international training network.
- iii. Common research programmes

Outlook

In June 1984, a questionnaire on public organisations and institutions cooperating with developing countries will be proposed, in order to establish a common information base. A Working Group will be set up to define the organisation of the training network, and a colloquium is planned for 1986, with a workshop held in 1985 to prepare for this meeting.

Area for Collaboration:	Advanced Robotics
Lead Countries:	France, Japan
Participants:	Canada, Germany, Italy, UK, USA
Observers:	EC, Austria
Invited International Organisation:	-

Aims

1. To hold a "Joint Coordinating Forum" once a year in the participating countries in turn, with the attendance of a limited number of officials from each participating country responsible for R & D policy on advanced robot systems.
2. To exchange data/information, researchers/study missions on R & D activities for advanced robot systems undertaken by appropriate organisations.
3. To suggest common standards (robot components, interfaces, communication and languages).
4. To establish common criteria for evaluation.
5. To do joint evaluation (in particular of technical aspects) and joint experiments.

Activities

Based on the discussion on the necessary technologies, ie system architecture, intelligence, sensor, man/machine system, manipulation, locomotion and actuators, the Working Group has identified application areas for collaborative research, and initiative countries and member countries have been nominated for each. The application areas (with initiating countries in brackets) are Space (Italy), Ocean (France, Japan), Nuclear (France, Japan), Mining (France, UK), Agriculture (France), Civil Engineering (Germany, USA), Plant Operations (France, Italy), Fire Fighting and Rescue Operations (Japan, USA) and Services (France, Italy).

Outlook

The plan for joint work in each application area will be prepared by initiating countries with the prior agreement of participating organisations in member countries by the end of May 1984. Next joint coordinating forum meeting should endorse the above plans and suggest cross fertilization between plans in different application areas.

Area for Collaboration:	Impact of New Technology on Mature Industries
Lead countries:	Italy, France
Participants:	Germany, EC, United Kingdom, USA
Observers:	Norway National Research Council

Aims

1. To cooperate on the technological, economic, organisational and social problems related to the technological upgrading of the traditional sectors;
2. To define common analytic methodologies;
3. To study and compare the effects of impact of new technologies on different mature industries.

Activities

At an early stage in discussions, the co-leaders decided to focus attention initially on the textile industry. At the first general meeting, the state of progress in Italian and French research was presented, and there was a wider discussion about methodology. Other participant countries were invited to submit comparable research studies, in the same or different traditional areas. There has been close collaboration between the French and Italian research teams (CESTA and ENEA), including discussions of proposals for a new French case-study of the mechanical industry in the Vallee de l'Arve. At a second general meeting, there was a presentation and discussion of the FRG project on automation of the coutchouc process, and of the European Community initiatives relating to the rejuvenation of traditional sectors and its proposed new project on basic technologies. At this meeting, the group agreed the area of collaboration should be open to non-Summit countries, and plans were made for the proposed International Colloquium on the Rejuvenation of Mature Sectors.

Outlook

The first report on the Prato and Castres-Mazamet case studies will be ready in June 1984, and the International Colloquium on the Rejuvenation of Mature Sectors will take place in the latter half of 1984.

Area for collaboration:	Biotechnology
Lead Countries:	France, UK
Participants:	Italy, Canada, Japan, European Communities
Observers:	FRG, USA
Invited international organisations:	FAO, WHO, UNESCO, UNIDO

Aims

1. To obtain essential information on the enabling technology at a lower cost than through purely national programmes.
2. To assist in the training needs of developed and developing countries.

Activities

The Working Group has organised the preparation and distribution of a handbook describing training facilities in the six participating countries, and this is now available. The group has also identified areas for collaborative research and a lead country has been nominated for each. The topics (with lead country in brackets) are cellulose bioconversion (Japan), the extraction and purification of the products of fermentation (UK), the nitrogen fixation (Italy/Canada). For each area the lead country is preparing a collaborative research programme, on the basis that each country will bear its own costs.

Outlook

The three collaborative research projects are now being developed and should be underway by the end of 1984. The duration of the projects will be decided in relationship to the individual topics.

Area for collaboration: Advanced Materials and Standards (VAMAS)
Lead Countries: UK, USA
Participants: Canada, France, FRG, Italy, Japan,
European Communities
Observers: -
Invited Organisations: -

Aims

1. To promote cooperation on enabling scientific and technological research in advanced engineering materials in order to support the generation of codes of practice for these materials.
2. To exchange information on codes of practice and specifications in advanced materials and on the key organisations in various countries in order to facilitate cooperation and the adoption of agreed standards.

Activities

Following three meetings of the participants, a Steering Committee has been established with agreed Terms of Reference. The project will operate within a Memorandum of Understanding to be signed at an early date. .

Agreement has been reached for collaborative research and development on methods and data for standards for wear testing (led by FRG) and for surface analysis (UK and USA). Other subject areas which are being pursued by various countries and which will be progressed at the next meeting are high temperature low cycle fatigue, corrosion, bioengineering materials, fusion weld penetration, polymer composites, ceramics and cryogenic materials.

Outlook

The next meeting of the Steering Committee will be held in Washington in June and will be hosted by the NBS. The Secretariat will move to USA after three years. The collaboration will be reviewed after 5 years.

Area for collaboration:	New technologies applied to culture, education and vocational training (ANTEM)
Lead countries:	Canada, France
Participants:	Italy, Great Britain
Observers:	FRG, European Communities

Aims

To develop international collaboration and to share experience in the field of new technologies applied to education, through the establishment of databanks, workshops, common terminology, etc.

Activities

Three different networks have been established. The first concerns instructional technology referral centres, with the assembly of information on the educational technology resources of member countries. France and Canada have committed themselves to national databanks, whilst Italy and Britain are investigating the possibilities. The second network is devoted to promoting workshops experimenting with developed technologies, with three centres now established in France and one network based on suppliers of Telidon information planned in Canada. The third is intended to establish communication between users of new technologies, involving an electronic network, in which Canada, Italy and France are participating. The Interactive Audio-Visual Project is exploring the possibilities of using 'intelligent' video discs in comparative research, and France and Canada are together exploring its application to biotechnology training. Lastly, a working group from the co-leader countries is studying the development of a common terminology bank with reference to robotics and biotechnology.

It has been suggested that organisations in non-member countries be able to participate informally in certain projects.

Outlook

ANTEM has as an objective to establish and have operating the information networks by mid-summer 1985.

AREA FOR COLLABORATION

PUBLIC ACCEPTANCE OF NEW TECHNOLOGIES

Lead country: UK
Participants: Italy, France, FRG, Japan, Canada
Observers: -
Invited International Organisations: -

AIMS

1. To investigate experience in the introduction of new technologies, in particular public attitudes towards new technologies.
2. To promote research collaboration and to establish complementary research projects in participating countries.
3. To exchange information from participating countries relevant to the study of the public acceptance of new technologies.
4. To draw out implications for corporate and public policy making in this area.

ACTIVITIES

The working group has agreed a paper discussing the public acceptance of new technologies which proposed a number of areas where collaborative research might be undertaken. The UK DTI has awarded through the Economic and Social Research Council (ERSC) three contracts. These are:

1. The Policy Studies Institute Information Technology and the Organisation
2. Manchester University PREST team New Communications Technology and the Consumer
3. The Technical Change Centre Comparative National Assessment of Attitudes and New Technologies

A fourth contract, Historical Studies of Attitudes to New Technologies has not yet been placed.

Collaboration with the UK research teams by partners in the group has been encouraged since the start. For contract one, there are links with Verin Deutscher Ingenieure (VDI) in Berlin and Bureau d'Information et de Previsions Economiques (BIPE) in Paris. For contract two there are links with the Science Council of Canada and Montreal University and through the British Council in Tokyo. Contract three has links with the Science Centre Berlin (WXB) and Centre d'Etudes des Systemes et des Technologies Avancees (CESTA) in Paris. Seminars arranged by the research teams frequently involve researchers from partner countries. The Japanese and Italian governments have also indicated their interest in this project; the extent of their involvement is being discussed.

OUTLOOK

For the remainder of 1984 and early 1985 contacts with partners will proceed at the working level. Early draft reports are expected in Spring 1985, and a further meeting of experts will then be convened.

AREA FOR COLLABORATION

BASIC BIOLOGY

Leader

CEC

Participants :

USA, Japan, Canada, UK, Italy,
Germany, France

Invited International Organisations

EMBL, AMBO, ICSU, ESF, EMBO, IUBS
(to be contacted)

AIMS

In view of the complexity of modern biology, to intensify international cooperation in order to improve efficiency of efforts undertaken in this sector in recent years.

ACTIVITIES

Taking into account the activities of the biotechnology and photosynthesis working groups, it was decided to develop two types of action in the area of basic biology :

- i. Horizontal activities of value in many different fields of endeavour :
 - development and reinforcement of biological information networks including data banks of nucleotide and protein sequences, data banks on hybridomas and immunoclones, data banks on receptors inventory of genome libraries, inventory of biotics collections, inventory of ecosystems and agro-ecosystem models
 - training through research (initially in the fields of neurosciences and biology of ecosystems) : preparation and distribution of handbooks describing the facilities of the participating countries.
- ii. Specific activities (initially) in :
 - the neurosciences : basic neurobiology, "brain and behaviour" research, research of neurobiological and mental diseases : A system of periodical exchange of information will be developed.
 - basic biological research on a number of ecosystems selected for their global interest : coordination of the work carried out by multinational (ICSU, ECC environmental programme) and national institutions.

OUTLOOK

Horizontal activities : working agreements between American, European and Japanese biological information networks to be established and developed within a year.

Neurosciences : workshop to be organised by Professor P. Calissano (Italy, Autumn 1984).

Ecosystems : EC to undertake inventory within 1984.

for Collaboration

High Energy Physics

Lead Country

USA

Participants

Canada, France, FRG, Italy, Japan,
UK, European Communities

Observers

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Invited International Organizations

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AIMS

The aim of the Summit Working Group in high energy physics is to further develop international collaboration to foster progress in this field of scientific research.

ACTIVITIES

The Working Group has surveyed the existing national programs, their associated international activities and commitments for major new facilities that have been made or proposed by Summit member nations. The general consensus was that worldwide collaboration works well. Major research projects in high energy physics are seldom done exclusively by groups or individuals from any one nation. The existing arrangements for collaboration should be maintained as the essential basis for future international cooperation.

At the present time, a number of major new accelerator projects are being built in Germany, Japan, the United States, and at CERN. Looking further to the future, there are proposals both in Europe and the United States for new colliding beam accelerators. Because these commitments and proposals extend into the 1990's the Working Group concluded that it was not possible to plan for the long-term at this time. However, substantial research and development is needed in the necessary accelerator and detector technology for projects beyond those under construction and proposed. It was decided to explore the possibility that this research and development could be conducted in collaboration in the spirit of the Declaration of Versailles. A subpanel of technical experts from each Summit member was established to recommend specific technical areas for near-term joint collaborative research. The subpanel recommended the areas of superconducting magnets, cryogenics, rf cavities, very high-energy electron linacs, theory and simulation, and new technologies of acceleration.

OUTLOOK

A July meeting of the Working Group has been scheduled to review the proceedings of the London Summit and also to review the recommendations of the technical subpanel. A proposal will be introduced for the Working Group to organize other technical subpanels of similar composition and work with them to develop a plan identifying the major facilities that will be required to continue to make effective progress in this field, regardless of location. This plan could be completed for the next Summit meeting.

Area for Collaboration	Solar System Exploration
Lead Country	USA
Participants	All Summit Members
Observers	--
Invited International Organizations	--

AIMS

1. To exchange information on Summit countries' and the European Space Agency's respective plans for solar system exploration.
2. To identify projects of mutual interest which could be conducted bilaterally or multilaterally.
3. To report on potential cooperative, long term, high risk projects to conduct fundamental research about the nature, origin and evolution of the solar system.

ACTIVITIES

Two primary areas of solar system exploration have been identified: solar terrestrial research and the study of planets and small bodies. A program known as the International Solar Terrestrial Physics (ISTP) Program for comprehensive investigation and analyses of the flow of plasmas and energy from the Sun to the Earth has been the subject of trilateral discussions among the US, Japan and the European Space Agency (ESA). ISTP is a multi-satellite program for operation during the 1989-1995 timeframe. Three joint studies are underway concerning planetary missions: (1) NASA and Germany are considering a comet rendezvous/asteroid flyby mission, (2) NASA and ESA are jointly assessing a mission to Saturn and its moon Titan, and (3) NASA and ESA are conducting a broad-based study of possible primitive body missions with special emphasis on an asteroid mission known as Agora. Finally, the US, Japan, ESA and the USSR are coordinating their respective ground-based and spacecraft programs to observe comet Halley in 1986.

OUTLOOK

The next trilateral (U.S./Japanese/ESA) meeting on ISTP will take place in June 1984. At this time, the possibility of having additional countries participate in the program will be discussed. Activities leading up to approval, and if approved, the implementation of the project will continue through the 1990's. The comet rendezvous mission study will continue through 1984 and 1985. The Saturn/Titan and asteroid missions will continue to be assessed through late summer 1985, at which time ESA will determine whether to select either or both missions for further study. The comet Halley activities are well underway for Halley's apparition in 1986.

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