

Ref. A085/3149

MR POWELL

Economic Summit 1986

I attended the first meeting of Personal Representatives for the purpose of preparing the Tokyo Economic Summit in Kyoto on 22 and 23 November.

2. The discussion suggested that the main themes for consideration at the Summit would be very similar to those for the previous two Summits. There had been improvements in the economic situations of a number of European countries, notably the United Kingdom, France and Germany. But growth had weakened in Japan; Italy had not solved her problems in the fiscal field; and there remained the major unsolved problem of the budget deficit in the United States. The Summit would need once again to consider the problems of world trade: it would be important to understand why it had been slowing down, and the Summit would have to take stock of the continuing threat of protectionism and to give further encouragement to the opening of a new round of multilateral trade negotiations. Among the depressing factors were the slower rate of growth in the United States and in some other industrialised countries; the fundamental changes that had occurred in agriculture world wide, including the fact that many former net consumers were now net producers; and the low level of raw material prices, with the consequences that had for the economies of the developing countries. The Summit might also need to consider the effects of a further decline in oil prices.

3. The Summit would have to review progress in dealing with the problems of international debt. There should be progress to report, though there remained some difficult countries, notably

006
No need to have
any more
Shapiro
meetings!

Prime Minister

Tokyo for seems a
long way to go for
the same agenda & no
doubt the same discussion!

CDI

6/12.

CC PC
BA
(2)



Mexico, Peru and Nigeria. The problems of sub-Saharan Africa would have to be looked at separately.

4. Thus the main themes for the Economic Summit in 1986 were likely to be:

i. The outlook for international economic growth, particularly in the light of prospects for the United States economy.

ii. The need for further "structural adjustment" in the industrial countries, particularly in Europe.

iii. The need for a better balance in international trade, and for a new round of multilateral trade negotiations.

iv. The prospects for international debt.

The importance of the level of commodity prices would need to be taken into account in relation to all these things.

5. The Summit would no doubt be concerned with the development of the international monetary situation, following the G5 meeting in New York in September.

6. The Japanese Personal Representative, Mr Teshima, said that his Prime Minister would be interested in hearing from his colleagues on questions of education, and in particular on the role of education and vocational training; more generally, the role of scientific and technological education, co-operation between industry and universities; and international co-operation in education. Other Personal Representatives suggested that this raised a large range of issues for which there was hardly likely to be time for discussion in depth at the Summit. There was also the problem that in Canada the



national government had no responsibility in the field of education, and there was no central government Ministry of Education.

7. Papers will now be prepared on various aspects of the main themes as individual contributions by the Personal Representatives, with a view to discussion at the next preparatory meeting at the end of January. Thereafter the Japanese Personal Representative will embark upon the preparation of papers for the Summit itself.

8. It was noted that the Working Group on Technology, Growth and Unemployment had agreed on arrangements for dealing with continuing work on those of the 18 projects established after the Versailles Summit which had not been completed, and the Group could now be discontinued. Arrangements were in hand to complete the work commissioned at the Bonn Summit on standardisation of environmental measurements.

9. On the question of drugs, it was noted that the report commissioned at the Bonn Economic Summit had been published and that there was to be a further meeting of the expert group on 16 December.

10. There would also be a meeting of experts on counter-terrorism on 10 December which would consider:

- i. Whether the Summit countries as a group had or should have a role in this.
- ii. What work could usefully be done in the Summit group.
- iii. If any, how to do it.

11. The United States Representative understood that there was a proposal for a meeting of the "legal directors" from Summit

countries to meet. Mr Teshima said the proposal was for "legal directors" of major western countries to discuss the application of national law in third countries. The Personal Representatives were strongly inclined to the view that it was not desirable for such a meeting to take place in the context of a Summit group.

12. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.

RA

ROBERT ARMSTRONG

4 December 1985