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PRIME MINISTER

ECONOMIC SUMMIT: BRIEFING MEETING

You have a briefing meeting tomorrow morning following Cabinet to consider the handling of the main issues at the Economic Summit. You might do economic issues first as the Chancellor has to leave.

On the economic issues themselves, there does not seem to be a great deal to discuss. The Chancellor has sent you a minute about the handling, together with a revised speaking note (Brief 2). The two most difficult points will be:-

- (i) how to get endorsement for the rapid launching of a new multilateral trade round given likely French opposition?
- (ii) How to bring effective pressure to bear on Japan to take further action to reduce its surplus.

On the multilateral trade round we should obviously press hard for an explicit commitment in the Summit conclusions but at the end of the day will have to settle for whatever is the best we can get the French to agree to. On Japan, there will be plenty of opportunities to make our points in discussion both at the Summit itself and in your bilateral with Mr. Nakasone (though this comes after the Summit has ended). It will be difficult to secure an explicit commitment from the Japanese in the conclusions of the Summit. But you will want to ensure that officials have some words ready for you to propose.

→ You will want to consider at the briefing meeting to what extent you need to raise developing country issues, and how far we are likely to be under pressure to make commitments to which we would prefer not to subscribe (Brief No. 6).
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Terrorism will obviously be a major issue although information from Washington seems to suggest that the Americans do not want to risk an open split with any of the other Summit countries and will not, therefore, pitch their demands too high. We have sent to Nakasone and the Americans our alternative draft statement. Depending on whether Nakasone himself is willing to introduce this into the discussion, you will retain the option to do so. There are some signs that the Americans may float the idea of an oil embargo. The implications for the UK are to be considered further by Ministers tomorrow afternoon. But the Energy Secretary has already pronounced himself willing to go along with a Community embargo.

We shall want to ensure wording in the Summit conclusions that reinforces the commitment to consultations among the Seven outside the actual Summits themselves. This will help deal with the problem identified by Lord Carrington.

There will also be discussion of agricultural trade and a speaking note on this is in your briefs at No. 20. The French will be wary of opening up this issue in the Summit forum. Equally, their willingness to go along with a new multilateral trade round will depend in good part on their assessment of whether the Americans are prepared for bilateral talks between the United States and the European Community on agriculture with the real intention of trying to defuse some of the problems in this area. The discussion may also become entangled with the United States threat of retaliation against the Community because of Enlargement.

You will want to consider at the briefing meeting whether and how you might raise the question of the growing burden of social security expenditure and its implications. This is covered in Briefs Nos. 17 and 18.

You will also want to establish whether there is any particular input needed from us on the Japanese wish to

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discuss the "human frontier programme" (Brief No. 8). Two other subjects which may come up are education on which the Japanese have requested a discussion. This is covered by Brief No. 9; and fusion which the Americans may raise and is covered in the second brief under Brief No. 8.

On the political side, the main themes, apart from terrorism, are likely to be East/West relations and arms control. You will want to have some discussion on the Middle East, but we hope to keep Southern Africa for bilaterals.

Finally, you might like to have some discussion at the briefing meeting of how we want to present the Summit to the British press in advance. It seems to me that the two themes to stress are action against terrorism; and the success of the economic policies which the Summit countries have consistently pursued and which are now producing results.

C.D.P.

CHARLES POWELL

P.S. Alan Walters' views are attached
immediately behind this minute.

30 April 1986

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