



Foreign and Commonwealth Office

London SW1A 2AH

16 May 1986

*Dear Charles,*Letter to the Prime Minister from the Inter Action Council

Your letter of 7 May enclosed a letter addressed to the Prime Minister from Herr Helmut Schmidt and Mr Takeo Fukuda on behalf of the Inter Action Council and asked for a draft reply.

The Inter Action Council is an elder statesmen's grouping, largely the brainchild of Dr Waldheim, which despite its eminent membership has yet to make its mark with any concrete initiatives. The line taken in its latest statement, however, is broadly sensible despite a few visionary elements; and there are a few good points such as the strong line against Terrorism (para 23) and mention of agricultural subsidies (para 34). Mr James Callaghan is a member of the Council and Mr Francis Pym has recently joined its Policy Board.

I attach a draft reply to Herr Schmidt, which draws on the published results of the Tokyo Summit and invites the Inter Action Council to use its own influence in support of the policies agreed by the Seven. A more detailed critique of the Inter Action Council's own statement does not seem called for, given the present standing of the organisation.

*Yours ever**R N Culshaw*

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DRAFT LETTER FROM THE PRIME MINISTER

Helmut Schmidt
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Thank you for the letter ^{which} you and ^{Mr.} ~~Takeo~~ Fukuda sent me on 16 April, enclosing a recent statement by the Inter Action Council on themes relevant to the Tokyo Economic Summit. Practically all the points in your statement were, indeed, covered in our discussions at Tokyo and I am enclosing - in case you have not received them from elsewhere - copies of our communiqué on economic matters and of the other statements issued during the Summit.

The texts underline how much we achieved at this particularly good and productive meeting. Among the points particularly relevant to your own statement, I might highlight:

- the commitment to continue and build on a joint economic strategy of non-inflationary growth, sustained by close and continuous coordination of economic

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policies - the emphasis on the importance of strengthening the multilateral trading system and reversing protectionist trends

- the recognition of the problems facing developing countries, including in many cases the burden of debt; and agreement that the Summit Seven should work together to support these countries in their efforts to promote economic growth and prosperity

- recognition of the need to tackle the structural problem of agricultural surpluses and subsidies, on which all members of the Seven will support further work in the OECD

- the strong and concrete declaration on measures against Terrorism

- the statement on the Chernobyl nuclear accident, which stresses all countries' responsibility for nuclear safety and security, with a view not least to the impact on the environment

- the general principles for handling East-West affairs set out in the declaration on Western partnership, which gives support to efforts for arms control both in the US/Soviet Geneva talks and elsewhere.

I hope the Inter Action Council will note, and lend its support to, these practical and forward-looking policies; and ^Iwish you success in your future work.

*I so much enjoyed sitting
you again at Glenageary.*

