

Prime Minister.

A.J.C. 29/4.

Ref. A083/1131

MR COLESEconomic Summit: Williamsburg

I went to Williamsburg, Virginia, from 15 to 17 April for a further meeting of Personal Representatives for the preparation of the Williamsburg Summit. I was accompanied by Mr Littler (Treasury) and Mr Evans (Foreign and Commonwealth Office). The meeting was held at Williamsburg in order that Personal Representatives could get a clear impression on the ground of the administrative and logistical plans for the Summit itself. It promises to make a very agreeable venue, though one which will involve a good deal of moving around, albeit over short distances.

Substantive Issues

2. There was some discussion of the invitations which had been issued by Mr Donald Regan to Finance and Trade Ministers of Summit countries to hold a meeting in the margin of the OECD Council of Ministers on 10 May, and of the proposal by the United States Secretary for Commerce to summon a separate meeting of Trade Ministers. There was evident and widespread suspicion of United States motives in proposing these meetings. The United States delegation was at pains to assure the rest of us that there was nothing conspiratorial or sinister about the invitations, and that they were not to be regarded as preparation for the Williamsburg Summit. It became pretty evident that Mr Regan had issued his invitations to the meeting of Finance and Trade Ministers on 10 May without consulting either the White House or the State Department; and the Secretary for Commerce, not to be outdone, had thought in terms of a separate meeting of Trade Ministers, again without much consultation in Washington. It was noted that Mr Regan's invitations had now been issued, and it was accepted that the meeting would go ahead, on the understanding that it would be simply an exchange of views over dinner: the United States delegation emphasised that they were not looking for any follow-up. A number of delegations hoped that the



separate meeting of Trade Ministers would not be proceeded with.

3. On the general economic situation, the conclusions at the meeting of Personal Representatives were very much in line with those reached at the Prime Minister's meeting on 13 April. The Summit should be able to note the signs of economic recovery in the industrialised countries and the prospects for sound and sustainable (ie non-inflationary) growth. It would be important to emphasise the need to prevent a renewed rise, and so far as possible facilitate a further fall, of inflation; and the desirability of avoiding a renewed rise of interest rates. The Summit might well go further than noting these points: the Heads of State or Government might commit their countries to try to conduct national policies which were consistent with these general aims. In this connection the Summit would be able to commend the work done by Finance Ministers on intervention and on multilateral surveillance since Versailles, without needing to go into detail on these technical subjects. Some countries (eg the French and the Italians) showed signs of wishing that the Summit might prescribe policies for individual countries; this was quickly dismissed by the British, German and American delegations as harking back to the "locomotive" theories of the Bonn Summit 1978. The United States delegation was defensive on the subject of the size of the Federal budget deficit: the United States Treasury representative pointed out that the President had never been able to get his original budget proposals past the Congress. It was generally agreed that the Summit could and should, as part of its "message" to the developing countries, emphasise that sound and sustainable recovery of the economies of the industrialised countries was a precondition of sound economic recovery in the developing countries.

4. On trade and finance, there was general agreement that the Summit should emphasise the need to avoid an increase of protectionism and urge elimination and reduction of protectionist measures as circumstances permitted. That would be essential to sound and sustainable recovery. The Summit might also stress the importance



for the developing countries of increased access for their exports to markets in industrialised countries.

5. It was agreed that there could be no master plan for dealing with problems of country indebtedness: each country would have to be dealt with ad hoc. The reduction of oil prices could well create new problems for Mexico and Nigeria, though it should relieve the problems of non-oil-exporting developing countries. The Summit might recognise that two conditions were necessary to enable developing countries to deal with their debt problems: the ability to earn money to service debt by selling exports in industrialised countries, and a reduction in interest rates, particularly in the United States.

6. On East-West economic relations there was very little discussion. The United States delegation said that they wished to await the results of the studies now in hand in the OECD, the IEA, COCOM and NATO. Personal Representatives would need to revert to this subject and to its treatment at the Summit at their own last meeting before the Summit. Privately, however, a member of the State Department in the United States delegation told Mr Evans that he thought that the White House would advise the President not to make an issue of East-West economic relations at Williamsburg, provided that there was reasonable progress in the various studies, provided that decisions were taken on two points (any two, it seemed) in the forthcoming High Level Meeting of COCOM, and provided that the French, Germans and Italians were able to say that they would not be dependent on a single source of supply (sc Siberian gas) for more than 30 per cent of their gas requirements. It remains to be seen whether this condition could be satisfied.

Final Statement

7. We had a first discussion of the possible mood and themes of the President's final statement. There is to be no discussion of a draft of the statement until after the first full day's meetings of the Summit itself; but Personal Representatives agreed to discuss a framework of themes, to be collated by the United States Personal



Representative on the basis of suggestions made by other Personal Representatives, at the final meeting of Personal Representatives before the Summit, which will be restricted to Personal Representatives only and held in Paris on 11 and 12 May. There was a general agreement that the mood of the statement should be one of realistic optimism. I suggested that a thread in the statement should be the opportunities which economic recovery would offer, provided that prudent policies were followed:

- (i) to achieve sound and sustainable (ie non-inflationary) growth;
- (ii) to avoid renewed pressures on interest rates, and thus ease the problems of dealing with indebtedness of debtor countries;
- (iii) to bring about conditions in which there would be greater stability and less volatility in exchange rates;
- (iv) to stem and if possible reverse the tide of protectionism;
- (v) to make it possible for developing countries to increase their exports in industrialised country markets;
- (vi) to facilitate a recognition of the implications of security considerations for East-West economic relations.

8. It was agreed that the Summit should take note of the report of the Working Group on Technology, and of the progress made since the report was submitted. One or two other matters were suggested for possible discussion at the Summit and mention in the final statement, including (by the Germans) environmental pollution and the problems of acid rain (or, as the German delegate said, acid drops), and (by the Japanese) the fight against cancer. I expressed some doubts whether these matters would fit conveniently into the sort of final statement which the President would want to make; but a number of delegations thought that the Summit ought to "show a human face". As expected, the Germans, supported by the Italians, the French and the Japanese, thought that the Summit should "send a message" to the meeting of UNCTAD which would open the following week.

Programme

9. The proposals which emerged from the discussion were that on the morning of Sunday 29 May Heads of State and Government should



meet on their own and without note-takers (but with simultaneous interpretation). Foreign Ministers and Finance Ministers would have their own separate meetings at the same time. At the end of the morning Foreign Ministers and Personal Representatives would join Heads of State or Government, so that the President and his colleagues could give an account of their discussions. On the basis of that account the United States Secretary of State would give a general press briefing, which would no doubt be supplemented by national background briefings.

10. In the afternoon of Sunday 29 May there would be a plenary session of Heads of State or Government, Foreign Ministers and Finance Ministers sitting together, with one note-taker (in practice the Personal Representative) per delegation. Foreign and Finance Ministers would report the results of their morning meetings. By the end of this afternoon plenary meeting there should be sufficient progress to enable the Personal Representatives to be instructed to prepare a draft of a final statement.

11. On the morning of Monday 30 May there would again be a plenary meeting, which would start its proceedings with consideration of the draft of the final statement which would have been prepared overnight. That meeting would start at a time which would enable each Personal Representative to get the instructions of his Head of State or Government before the meeting began. The length of the meeting would depend upon the discussion of the draft statement. But another consideration would be the timing of the final press conference at which the President would make the final statement. The United States delegation had the press conference scheduled for 2.30 pm. The French, Germans and Italians said that this would be too late for morning newspapers the following day in their countries. It would be preferable for the press conference to be held not later than 1.00 pm. We thought that we should be lucky to meet that deadline, given the need for Heads of State and Government to agree the draft and the processes of translation and reproduction which would have to be completed once the draft had been approved.



--- 12. I attach a note of the general press ground rules now proposed.

13. I am afraid that I had no success in my efforts to persuade the United States delegation that the State Dinner should be brought forward from the Monday evening to the Sunday evening. The arrangements were evidently too far set for that to be possible. It was pointed out that, if (as at Venice and Versailles) the final statement took a long time to finalise, it might well not be possible for the press conference to be held before the middle of the afternoon (despite European publication deadlines); and in that case the interval between the conclusion of the Summit proceedings and the State Dinner might be comparatively short. I made it clear that the Prime Minister would be likely to want to leave immediately after the State Dinner on the Monday evening. The French delegation said that President Mitterrand would want to leave directly after the State Dinner and not wait until the following morning. The French delegation told me that President Mitterrand and his delegation would be travelling in a Concorde: it appears that the Concorde can land at Langley Air Force Base. I wondered whether the Prime Minister might want to consider herself travelling in Concorde on this occasion: apart from keeping up with the neighbours, it would greatly reduce fatigue and jet-lag before her engagements in Washington on arrival and after her return to London.

Prime Minister
do you want me to find out costs?

General

14. I have to report two outstanding and disquieting impressions from this meeting of Personal Representatives:

- (i) It was characterised by a mood of extreme mutual suspicion, amounting almost to hostility, between the United States and French delegations.
- (ii) The United States delegation was incoherent and apparently unable to get its act together. The President's Personal Representative, Mr Wallis, is a very nice man and I believe a good economist, but he is an inexperienced and ineffective Chairman, and there seemed to be marked incohesion between representatives of the White House, the State Department and the Treasury.

(A.S.C. 20/4)
No - much less expensive



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

RA

ROBERT ARMSTRONG

20 April 1983

conqueror

GENERAL PRESS GROUND RULES

-- Each participating delegation will designate two Ministers and a press spokesman as the only official, on-the-record briefers during the Summit. There will be no limit on background briefers. Each country will have a separate briefing room.

-- Before the conclusion of each session, which involves Heads of State or Government, the participants will agree on how they will represent their discussion to the press.

-- Heads of State and Government will agree not to give any press interviews (TV, radio or print) from the time of arrival at Williamsburg until after the concluding press gathering, when the President of the United States will read a Joint Statement.

-- Participating Ministers also agree not to give any press interviews from the time of arrival at Williamsburg until after the final Joint Press Statement, except in connection with scheduled official briefings. (Ministers could pre-tape interviews before arrival at Williamsburg.)

-- Meeting participants will not have any contact with the press, either directly or indirectly, while meetings are in session.

PROPOSED BRIEFING SCHEDULE

May 28 Non-substantive (e.g., logistics, etc.) briefings by press spokesmen to conclude before 9:00 p.m.

May 29 Briefing by Secretary Shultz, following the morning session, on the basis of common guidance agreed to at the end of the session. After Secretary Shultz's briefing, press spokesmen may brief their individual country press on a basis consistent with the common guidance agreed to at the end of the morning session.

Individual country briefings following the afternoon session by Ministers or press spokesman (on the basis of common guidance agreed to at the end of the afternoon session.)

May 30 Joint Press Statement as agreed to by all Heads to be read by the President of the United States after the conclusion of the final Summit session.

Individual country briefings after the Joint Press Statement by Heads of State or Government, Ministers or others.

Background Briefers

Background briefers are free to brief at any time, beginning Sunday morning.

These guidelines represent a sound basis for achieving greater trust and confidence in the handling of public aspects of the Summit. In doing so, they help to ensure the success of the private discussions at the Summit which is the chief purpose of all of our respective endeavors.



10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMIT: WILLIAMSBURG

The Prime Minister read with interest your minute of 20 April reporting on the recent meeting of Personal Representatives in Williamsburg.

With regard to your paragraph 13, the Prime Minister does not want to travel in Concorde to the United States, in view of the expense.

I am sending copies of this minute to Brian Fall (Foreign and Commonwealth Office), John Kerr (HM Treasury), John Rhodes (Department of Trade) and Julian West (Department of Energy).

ALCOLES

21 April 1983

A