

GRS 700

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FRAME EXTERNAL  
DESKBY 200830Z  
FROM UKREP BRUSSELS 191640Z MAY 83  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 2011 OF 19 MAY 1983  
INFO IMMEDIATE WASHINGTON  
INFO PRIORITY OTTAWA TOKYO PARIS BONN  
INFO ROUTINE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN ATHENS  
LUXEMBOURG

PREPARATIONS FOR WILLIAMSBURG

SUMMARY

1. COMMISSION REPORTED ON THE SHERPAS MEETING 11-13 MAY. THE EC AND THE US WERE MOVING CLOSER TOGETHER ON THE MAIN ISSUES. THE COMMISSION REMAIN HOPEFUL THAT EAST WEST ECONOMIC RELATIONS SHOULD NOT BE A DIVISIVE ISSUE AT WILLIAMSBURG. BUT THEY ARE CONCERNED AT THE PERSISTENCE OF US IDEAS ON REGULAR MEETINGS OF TRADE AND FINANCE MINISTERS OF THE SEVEN.

DETAIL

2. DURIEUX (THORN'S CHEF DE CABINET) REPORTED TO PERMANENT REPRESENTATIVES ON THE LAST SHERPAS MEETING. DISCUSSION HAD CONCENTRATED ON THE US NOTE REVIEWING THE STATE OF PLAY. A REVISED VERSION WOULD BE CIRCULATED AS ONE ELEMENT OF THE RAW MATERIAL FOR THE JOINTLY APPROVED STATEMENT WHICH WILL EMERGE FROM WILLIAMSBURG. BUT DURIEUX EMPHASISED THAT THIS MIGHT BEAR LITTLE RELATION TO THE FINAL PRODUCT. IT MERELY REPRESENTED THE SHERPAS DISCUSSIONS AND PRESIDENT REAGAN WAS DETERMINED THAT THE JOINT STATEMENT SHOULD REFLECT ACTUAL DISCUSSION OF THE SUMMIT.

3. THE MAIN ELEMENTS TO DATE WERE

(A) EWER: THE COMMISSION REMAINED HOPEFUL THAT THIS WOULD NOT BE A DIVISIVE ISSUE AT THE SUMMIT. IT WOULD NOT FIGURE AS AN IMPORTANT PART OF THE STATEMENT ALTHOUGH IN PRACTICE THERE MIGHT BE QUITE A LOT OF DISCUSSION.

(B) NORTH/SOUTH: THIS WOULD BE THE CENTRAL THEME. THE US HAD MADE SOME CONCESSIONS. THE EC REPRESENTATIVES HAD PERSUADED THE US THAT THERE SHOULD BE AN EXPLICIT REFERENCE IN THE STATEMENT TO G77 CONCERNS ON UNCTAD VI. THIS WOULD CONSOLIDATE THE INCREASING INFLUENCE OF THE MODERATE ELEMENTS IN THE G77.

(C) ECONOMIC: THERE WOULD BE A CLEAR REFERENCE TO THE ROLE OF INTEREST RATES AND THEIR CONNECTION WITH PUBLIC SECTOR DEFICITS. THE US WERE NOW PREPARED TO ACKNOWLEDGE THE LINK AND THE ROLE OF GREATER EXCHANGE RATE STABILITY. THERE WOULD ALSO PROBABLY BE AN ANNEX TO THE STATEMENT ON THE WORK INITIATED AT VERSAILLES ON COORDINATING THE MACRO ECONOMIC POLICIES OF THE SUMMIT 7.

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(D) PROTECTIONISM: US IDEAS ON TRADE LIBERALISATION STILL REMAINED TOO SPECIFIC. THE COMMISSION HAD SUGGESTED REFERENCE TO TRADE IN AGRICULTURE AND EXTRATERRITORIALITY ALTHOUGH THESE WOULD NOT APPEAR IN THE FINAL STATEMENT.

4. DURIEUX'S CONCLUSION WAS THAT WHILE DIFFERENCES OF EMPHASIS REMAINED THE GAP HAD BEEN USEFULLY NARROWED AND A BETTER BALANCE OF INTERESTS WAS EMERGING. QUESTIONED BY THE SMALLER MEMBER STATES HE THEN EXPLAINED, HOWEVER, THAT THE COMMISSION WAS CONCERNED ABOUT CONTINUED US INSISTENCE ON MORE REGULAR MEETINGS OF TRADE AND FINANCE MINISTERS. THE US SEEMED TO BE OBSESSED WITH THE IDEA. THE COMMISSION HAD MADE IT CLEAR THAT THIS PRESENTED CONSIDERABLE DIFFICULTIES NOTABLY IN TERMS OF COMPETENCE IN EXTERNAL TRADE POLICY AND THE EXCLUSION OF THE SMALLER MEMBER STATES. SUCH MEETINGS WOULD ALSO UNDERMINE UNCTAD AND THE GATT. HOWEVER THERE WAS NO SIGN THAT THE US WERE TONING DOWN THEIR ASPIRATIONS. IT WAS ESSENTIAL TO ESTABLISH FIRM PROCEDURES FOR FUTURE MEETINGS. THIS WAS CLEAR FROM THE DISARRAY OVER EC REPRESENTATION AT THE PARIS MEETINGS DURING THE OECD MINISTERIAL. IF THE EC WAS NOT FIRM IN INSISTING ON ESTABLISHING FIRM GROUND RULES IT WOULD ONLY LOSE OUT. THE ISSUE WAS FAR MORE IMPORTANT THAN THE US RECOGNISED AND DURIEUX THOUGHT THAT THORN WOULD RAISE THE ISSUE AT NEXT WEEK'S FOREIGN AFFAIRS COUNCIL DISCUSSION ON WILLIAMSBURG.

FCO ADVANCE TO:-

FCO - EVANS HANNAY THOMAS CROWE APPELYARD GOWLLAND YOUNG  
CAB - PS/SIR R ARMSTRONG HANCOCK LAMBERT  
DOT - GRAY WILLIAMS MEADWAY HEALEY  
MAFF - ANDREWS HADLEY  
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