

CONFIDENTIAL



10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

BONN ECONOMIC SUMMIT

The Prime Minister has read with interest the report in your minute of 28 March of the recent meeting of Personal Representatives.

On the point raised in paragraph 13 about the final press conference, the Prime Minister has commented that the idea of short supplementary statements by other Heads of State or Government in addition to the main statement by the Federal German Chancellor rather falls between two stools. Her preference would be to stick to a single statement by the Chancellor.

I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

(CHARLES POWELL)

1 April 1985

CONFIDENTIAL

CST.





Prime Minister

Problems over the timing of a new GATT round, which will have to be resolved at the summit itself.

Ref. A085/961

MR POWELL

1 think it falls between 2 blocks. One statement is vert. red

Bonn Economic Summit

Are you content with RTA's proposal in par. 13? I doubt whether you could hold your colleagues to 2 minutes.

Thank you for your minute of 22 March.

2. The meeting of Personal Representatives took place over the weekend. We went through the German draft of the thematic paper in detail, and in the course of discussions the British representatives were able to make the points covered by my minute of 20 March and the Prime Minister's comments in your minute of 22 March.

3. The discussion of the sections of the thematic paper dealing with the macro-economic background and the position of the industrial countries proceeded relatively smoothly. Various references to high fiscal deficits were made acceptable to the Americans by accompanying them with references to high public spending which carried the implication that it was excessive public spending that needed to be brought down, and that a consequent reduction in the level of the fiscal deficit would be a welcome result of the reduction in public spending.

4. The paper included, in paragraphs 14 and 23, sentences which drew attention to the need for the Japanese to go further in facilitating access for imports to Japanese markets and "to move beyond mere market opening to a policy of active import promotion". The Japanese Personal Representatives were not willing to accept these words, and a good deal of time was spent in pressing them to accept a commitment to a more positive encouragement of imports. In the end they accepted (for paragraph 14) wording which read: "there should be scope for Japan to go further in facilitating access to its markets and to

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move beyond mere market opening to a policy of actively encouraging an increase in imports". Similar wording (with the reference to Japan thinly veiled) was accepted for paragraph 23.

5. There remained a major disagreement between the United States, Canada and Japan on the one hand and the European Community on the other on the question of the next trade round. The United States continue to want a Summit commitment to launching the new trade round in 1986. The representatives of the Commission were bound by the text of the declaration of the Foreign Affairs Council last week. This was helpful, in so far as it confirmed the Community's readiness to participate in a new round and proposed an ad hoc meeting in the coming months to intensify consultations about a new round with the objective of securing a broad consensus on subject matter and participation at the earliest possible date; but it contained no commitment on the date of launching the new round, and it contained what the Americans regarded as an unhelpful statement on the necessity to reaffirm the existing commitments on "standstill" and "rollback", and to seek results in parallel in the functioning of the international monetary system and in the flow of resources to developing countries.

6. This disagreement could not be resolved at the meeting of Personal Representatives. The United States, Canadian and Japanese representatives restated the case for setting a date; the French sheltered behind the Community position; the Italians positively affirmed the wisdom of the Community's position; and we said that, while we were of course committed to the European Community's declaration, we wanted to see a new round launched as soon as possible, as the Prime Minister had made clear in her speech to the Congress in Washington, and hoped that the new round would in fact be launched in 1986. The German Personal Representative judged that there was no possibility of reaching agreement at this meeting, and further discussion was adjourned until the next and final meeting of Personal Representatives next





month. There will be other opportunities to pursue the issue - eg at the OECD Ministerial meeting on 11-12 April - and there are some signs that opinion in the Community is beginning to move in the right direction. But my French colleague indicated privately that the matter was reserved for his President. I therefore judge that this may in fact prove to be something which can be resolved only by Heads of State or Government at the Summit itself.

7. On energy, the United States pressed for a brief reference in the thematic paper, stressing the need to guard against complacency and encouraging co-ordination in the event of a supply disruption. We and others said that we should prefer to have no reference, and doubted the wisdom of warnings against complacency, which could have a destabilising effect in the markets. The reference will remain in the text to the next stage, when we shall make another attempt to get it out.

8. There was no discussion on the environment, since the German Personal Representative did not like any of the texts that his own colleagues had produced. He will prepare a further text for the next stage.

9. It was agreed that the two reports of the Working Group on Technology, Growth and Employment (TGE) should be published before the Summit. It was also agreed that:

1. the TGE Working Group should be asked to report to Personal Representatives in time for their first meeting in 1986 how the projects which had been started on the Working Group's initiative could (so far as they were not completed) be transferred to other organisations, with the clear implication that the Working Group would cease to exist once it had prepared this final report;





2. the Study Group on environmental measurement should be asked to submit its report to Personal Representatives in time for their first meeting in 1986, again with the clear implication that, once the Study Group had reported, it would be wound up.
10. The French insisted that the reference in the thematic paper to the acceptance by the European Space Agency (ESA), Canada and Japan of the President's invitation to participate in the United States manned space station programme should be balanced by a reference to the Council of ESA's decision on the preparation of "a comprehensive autonomous European capability" for manned space transportation.
11. On terrorism, there was general agreement that the Summit should discuss the problem of international terrorism. The French, however, dissociated themselves from the proceedings and conclusions of a meeting of "experts" from Ministers of the Interior on the subject, which they had refused to attend because of their absolute unwillingness to contemplate any institutionalisation of the Summit Seven in this field (or in others). There was no discussion of any possible texts on terrorism, though the German Personal Representative said that the Federal Chancellor would still like to keep the number of declarations down to two: the political declaration and the main economic declaration. I said that the United Kingdom would sympathise with that objective, and I suggested both at this meeting and at subsequent meetings in Bonn that, rather than have a formal declaration, we might think in terms of a short oral statement to the press by the Federal Chancellor, as Chairman of the Summit meeting, to the effect that Heads of State or Government had discussed recent developments in the field of terrorism and had decided to intensify the exchange of information about and analysis of terrorist threats. This suggestion met with a good deal of support, from the Germans and the Americans as well as from others.





12. On the political declaration the German Personal Representative said that a draft would be the subject of a first round of bilateral consultation; a second draft, revised in the light of that consultation, would be circulated for consideration by Personal Representatives at their next and final meeting next month.

13. In general the arrangements for the Summit seem to be very well in hand, and are being carried out with characteristic German thoroughness and attention to detail. But the German Personal Representative raised one question about the final press conference. He said that the Federal Chancellor felt that it was not very satisfactory or dignified that the Chairman read the text of the economic declaration and the seven other Heads of State or Government just sat there in silence. The Federal Chancellor was therefore minded to suggest that, once he had read the declaration, that should be followed by a short supplementary statement (say, 2-2½ minutes) by each of the other Heads of State or Government. Each statement might take the form of an answer to a question to be asked by a journalist from the national press of the Head of State or Government concerned; the journalist to be given this privilege might be chosen by lot. I said that I doubted whether the latter arrangement would be satisfactory; any arrangement for choosing a single questioner would be invidious, and journalists could be tempted to use the opportunity to expose and exploit divisions of view among the Heads of State or Government. I thought that there was not the same objection to a series of short supplementary statements, not in response to questions, by Heads of State or Government, and that the Prime Minister might well be content to go along with that. This position was endorsed by other Personal Representatives, and the German Personal Representative will be reporting to the Federal Chancellor accordingly.





14. 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.

Approved by  
ROBERT ARMSTRONG  
and signed in his absence.

28 March 1985