

TAM

Ref. A085/1154

MR POWELL

With his minute of 10 April, Mr Addison sent Mr Hatfield a copy of the letter which the Prime Minister had received from the Federal German Chancellor, outlining the subjects on which discussions would focus at the Economic Summit.

2. The Federal Chancellor's letter has been discussed with the Departments concerned. It seems to cover the ground admirably, and closely reflects the German Thematic Paper. It shows that the Chancellor's concerns generally speaking match our own, though he perhaps gives rather more emphasis to the protection of the environment than, left to ourselves, we might do.

3. I recommend that the Prime Minister should send a reply to the Federal Chancellor; it appears that other Heads of State or --- Government are likely to reply. I attach a draft, which has been agreed with the Departments concerned.

ROBERT ARMSTRONG

22 April 1985

DRAFT LETTER FROM THE PRIME MINISTER TO

Federal German Chancellor

Thank you for your recent letter in which you outlined the subjects on which discussions should focus at next month's Economic Summit in Bonn, to which I am greatly looking forward.

I certainly agree that we should concentrate on economic issues in our discussions. I also share your views on the need to achieve consistent macroeconomic policies and on the importance (particularly in the European countries represented at the Summit) of encouraging enterprise and helping the labour market to work more efficiently to reduce unemployment. In doing so we should not forget the importance of carrying forward the progress we have so far achieved.

Trade policy issues will be of unusual importance for us this year. As you say, the world trading community looks to the Economic Summit countries to demonstrate leadership. We must, I think, commit ourselves to work for the successful launching in 1986 of a new Round of multilateral trade negotiations. In the light of the outcome of the OECD Ministerial this seems perfectly feasible. We must also renew our pledges to resist continuing protectionist pressures more effectively and to

pursue the progress made to date in reducing existing barriers to trade.

We shall also need to make clear to developing countries that by strengthening the open trading system and keeping our markets open to their goods we can help developing countries once again to enjoy the fruits of stable economic growth. This is particularly relevant to those with debt problems. This was one of the main concerns expressed at the recent meetings of the Interim and Development Committees in Washington. Discussions at those meetings will make a useful contribution towards our discussions in Bonn and towards helping these countries overcome their difficulties.

I agree that environmental protection must play an important part in our future economic prosperity. In this respect, I am encouraged by signs of greater co-operation in our national and international policies.

Finally, I endorse the importance you attach to the preservation of the informality of our meeting. In this way we can look forward to a positive and constructive exchange of views; an exchange which will be greatly facilitated by the excellent work put in by your people in Bonn on the preparation of the Thematic Paper.



102ACT

DRAFT LETTER FROM THE PRIME MINISTER TO
Federal German Chancellor

Thank you for your recent letter in which you outlined the subjects on which discussions should focus at next month's Economic Summit in Bonn, ~~to which I am greatly looking forward.~~

// I did myself in agreement with virtually all that you say

~~I certainly agree that we should concentrate on economic issues in our discussions, I also share your views on the need to achieve consistent macroeconomic policies and, on the importance particularly in the European countries represented at the Summit, of encouraging enterprise and helping the labour market to work more efficiently to reduce unemployment. In doing so we should not forget the importance of carrying forward the progress we have so far achieved.~~

Trade policy issues will be of ~~unusual~~ ^{central} ~~crucial~~ importance for us this year. As you say, the world trading community ^{will} look to the Economic Summit countries to demonstrate leadership. We must, I ^{believe} think, commit ourselves to work for the successful launching in 1986 of a new Round of multilateral trade negotiations. In the light of the outcome of the OECD Ministerial this ^{should be} seems perfectly feasible.

~~We must also renew our pledges to resist continuing protectionist pressures more effectively and to~~

We should point out to the developing countries, particularly those with debt problems that it is the open trading system which offers the best hope of stable economic growth



~~pursue the progress made to date in reducing existing barriers to trade.~~

~~We shall also ^{want to remove} need to make clear to developing countries that by strengthening the open trading system and keeping our markets open to their goods we can help developing countries once again to enjoy the fruits of stable economic growth. This is particularly relevant to those with debt problems. This was one of the main concerns expressed at the recent meetings of the Interim and Development Committees in Washington. ~~Discussions at those meetings will make a useful contribution towards our discussions in Bonn and towards helping these countries overcome their difficulties.~~~~

I agree that environmental protection must play an important part in our future economic prosperity. In this respect, I am encouraged by signs of greater co-operation in our national and international policies.

~~Finally,~~ I endorse the importance you attach to the preservation of the informality of our meeting. In this way we can ^{have} ~~look forward to~~ a ^{real} ~~positive and constructive~~ exchange of views, ~~an exchange which will be greatly facilitated by the excellent work put in by your people in Bonn on the preparation of the Thematic Paper.~~ ^{to which I am much looking forward.}



Ref. A085/1154

MR POWELL

With his minute of 10 April, Mr Addison sent Mr Hatfield a copy of the letter which the Prime Minister had received from the Federal German Chancellor, outlining the subjects on which discussions would focus at the Economic Summit.

2. The Federal Chancellor's letter has been discussed with the Departments concerned. It seems to cover the ground admirably, and closely reflects the German Thematic Paper. It shows that the Chancellor's concerns generally speaking match our own, though he perhaps gives rather more emphasis to the protection of the environment than, left to ourselves, we might do.

3. I recommend that the Prime Minister should send a reply to the Federal Chancellor; it appears that other Heads of State or --- Government are likely to reply. I attach a draft, which has been agreed with the Departments concerned.

ROBERT ARMSTRONG

22 April 1985