

PRIME MINISTER

VENICE ECONOMIC SUMMIT: SHERPAS' MEETING

There is a further Sherpas' meeting on Thursday, to prepare for the Venice Summit. I attach:

- a note by Sir Robert Armstrong about the Sherpas' meeting
- the present draft by the Italian President of the Thematic Paper.

The language of the Italian draft is a bit opaque. Sir Robert Armstrong's minute runs it close! And the text could be sharpened up and made more specific on some points. But generally it covers the ground pretty well.

The points on which you need to decide are:

	<u>Yes</u>	<u>No</u>
Content with the general treatment of <u>macro-economic policies</u> , the need for Germany and Japan "to moderate the pace of budgetary constraint" and reduction of the US deficit?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is the paper as firm <u>as practicable</u> on Japan's external surplus?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Do you agree that, if necessary, we should revert to the pattern of the <u>Bonn Summit Communique</u> , and include a <u>separate piece on each country's economy</u> ? (To allow us to clobber Japan but not be too hard on US)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*I think this is a bad rule*

Yes                      No

Agree that Heads of Government should simply welcome the report of Finance Ministers on policy co-ordination and multilateral surveillance?

                    

Agree Summit should welcome new GATT round and agree to a mid-point Ministerial review meeting, if it looks likely to be helpful?

                    

Agree proposed treatment of agriculture?  
(even though it is still largely procedural)

                    

Agree we should seek to get the Chancellor's initiative on debt reflected in the conclusions?

                    

Agree no need for a statement on energy? ✓

                    

Agree no general political declaration? ✓

                    

✓ Agree to oppose very strongly a statement on South Africa and setting up of a Summit High-Level Group? And to enlist French and German help in opposing this?

                    

Agree to a statement on AIDS? *-at an economic summit?*

                    

Agree that conclusions on terrorism should go beyond civil aviation and deal also with hostage-taking?

                    

My only general comment is its a pity that once again, by the time the papers reach you, it is just a question of reacting to a paper which is already well advanced rather than planning some objectives of our own. We ought to do it better next time, and have a collective discusison between Ministers much earlier in the process. Agree?

That said, if the outcome of the Summit is close to the Thematic paper it will be generally strongly supportive of the government's policies, at what could be a crucial moment.

C.D.R.

Charles Powell

28 April 1987