



10 DOWNING STREET

LONDON SW1A 2AA

29 May, 1987.

From the Private Secretary

Dear Tony,

VENICE SUMMIT

My meeting with Herr Teltschik and M. Attali today dealt briefly with one or two Venice Summit issues.

While there was no enthusiasm for a statement on East/West relations, it was clear that none of us would oppose it in the last resort. I said that the Prime Minister would want to add a reference to the continuing importance of nuclear weapons to the defence of the West. Both Teltschik and Attali agreed this was desirable.

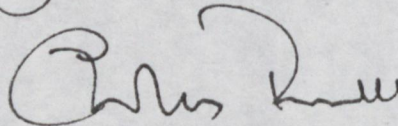
Attali said that the draft text on terrorism agreed by the Sherpas went to the limit so far as the French were concerned. He understood that the Americans and the United Kingdom had proposed amendments at the recent meeting of Interior Ministers in Paris which would have the effect of institutionalising meetings in the Summit Seven framework. His President would not accept this. I said that I was not aware of any United Kingdom amendments in this sense, though I knew that we had proposed some changes to sharpen up the language. These should not cause any difficulty.

Attali continued that he had heard that the Americans would be proposing a very strong text on freedom of navigation in the Gulf. This could cause problems. Under no circumstances would France agree to coordination of naval forces in the Gulf. Teltschik observed that the FRG was under bilateral pressure to contribute naval forces in the Gulf. He had not heard that the United States intended a Summit declaration.

Finally Attali told us that the IMF Managing Director was pressing for the Summit to endorse the tripling of the funds of the IMF's Structural Adjustment Facility. This would "solve Africa's adjustment problem for a decade". The Japanese would be the main contributors. The Americans were not prepared to contribute, but would not stand in the way of

a Summit declaration. The French and British were both prepared to make small contributions. Germany was the only obstacle. A reference to the tripling of funds in the Venice declaration would be an important political signal. Teltschik said that he would investigate the German position.

Yours sincerely,



C.D. Powell

A.C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

PRIME MINISTER

cc. Sir Percy Cradock

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What is our position?

C.D.P?

CDP

29 May, 1987.

JD3AYM

SECRET