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Note for the Record

VENICE ECONOMIC SUMMIT

The Prime Minister gave an account this evening of the main issues which had been discussed by Heads of Government over dinner.

East/West Relations and Arms Control

There had been no discussion of the various drafts for a declaration on East/West relations. But there had been a vigorous exchange on the question of follow-on negotiations on shorter range nuclear missiles. Chancellor Kohl had argued strongly for agreement on a position which would hold out a prospect of such negotiations without any specific conditions being attached. It was a matter of great psychological significance to Germany to have a commitment to such negotiations. The Prime Minister herself argued the counter-case very strongly, pointing out that further reductions in shorter range missiles under 500 kms in range would undermine the doctrine of flexible response. She was not prepared to see British forces in Germany left without the protection of shorter range nuclear weapons. She could not, therefore, subscribe to any text which established the goal of further reductions, at least until agreement had been reached to eliminate chemical weapons, and redress the imbalance in conventional forces.

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President Mitterrand had been little help. He had claimed not to believe in the doctrine of flexible response, and to attach importance only to strategic nuclear weapons. Monsieur Martens had declared his support for a global INF agreement, excluding the German Pershing 1As. Mr. Nakasone had also argued strongly for global zero.

President Reagan had intervened helpfully on the question of negotiations on shorter range missiles, pointing out that the issue did not yet arise, and that the United States would want to see action on chemical weapons and the conventional imbalance before agreeing to negotiate on shorter range systems. He had also stressed the United States' commitment to NATO. The United States was in Europe because it saw Europe as its own front line.

Signor Fanfani concluded that there would evidently be difficulties in reconciling the positions expressed, At least some of those present wanted a text. He invited reflection overnight.

The Prime Minister subsequently made clear that she could only agree to a text if it made clear that negotiations on shorter range systems would only be taken up when specific conditions on chemical weapons and conventional forces had been met.

Also under this general heading there was some discussion of developments in the Soviet Union under Mr. Gorbachev with most speakers agreeing that he represented a more skilful style of Soviet diplomacy, but this could not alter the fact that the threat from the Soviet Union remained high.

#### Terrorism

The Prime Minister made clear that we wished to see the draft text on terrorism further strengthened. In particular we would like to see provision made for limited sanctions against states which failed to prosecute terrorists and hijackers. President Reagan and Mr. Mulroney said that they were open to strengthening of the existing text.

#### South Africa

Mr. Mulroney said that he had prepared a somewhat shorter text of a statement on South Africa which he hoped could be agreed. The Prime Minister said that she was not prepared to see the Summit issue a formal declaration on South Africa. She recalled that she had herself proposed a statement <sup>on South Africa</sup> at the Tokyo Summit, but no one had been prepared to agree to it then. If Summits took to issuing statements on all regional problems, they would change their character. Chancellor Kohl made clear that he too did not wish to see a statement.

President Reagan and Signor Fanfani said that particular weight should be given to the Prime Minister's views. Mr. Mulroney nonetheless pressed Heads of Government to reflect on his revised text.

The Prime Minister subsequently commented that we could accept a reference to South Africa in the Chairman's statement at the press conference, following the precedent of the Tokyo Economic Summit. We should make clear to the Canadians that we were not prepared to go beyond this.

CSJ

CDP

8 June, 1987.

cc.

Mr. Galsworthy

Sir Robert Armstrong

Sir John Fretwell

Mr. Ingham

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