



Foreign and Commonwealth Office

London SW1A 2AH

22 June 1987

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Dear Charles

Jap

Venice Economic Summit: Messages to the Prime Minister

In your letter of 4 June you agreed that the Prime Minister need not reply to any of the various messages received in connection with the Venice Economic Summit until it was over.

I now enclose eleven of these messages which cover much the same ground, together with a short summary of their main points and a draft reply to each. President Sanguinetti will certainly copy the reply he receives to his Cartagena colleagues, and as in previous years will probably leak the text to the press: the reply has been drafted with this in mind. The Prime Minister may like to know that President Sanguinetti wrote to Signor Fanfani after the Summit noting that "for the first time our arguments have been publicly considered and the political concern for the themes of the development of our countries and the need to make new and innovatory steps to solve the problems of external debt and agriculture has been signposted". The draft reply reflects this.

I am copying this letter to Trevor Woolley (Cabinet Office).

Yours ever

Robin [Signature]

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

SUMMARY OF MESSAGES TO THE PRIME MINISTER
ABOUT THE VENICE ECONOMIC SUMMIT

- i) InterAction Council 23 April 1987 (but issued later). Mr Helmut Schmidt, Mr Malcolm Fraser et al suggest that a number of issues recently discussed at the IAC conference in Kuala Lumpur are of relevance to the Venice Economic Summit. Specifically the Council urges Summit governments to examine ways to reduce military budgets; to correct economic imbalances and counter protectionist pressures; to work towards resolving the debt problems of developing countries; to increase aid to them; to combat terrorism and drug trafficking; to work for an end to apartheid; and to resist further erosion of the UN structure.
- ii) Chairman of the International Chamber of Commerce (UK) 13 May 1987. Sir Graham Wilkins expresses the ICC's concern at recent trade disputes which threaten the international trading system and the new GATT Round.
- iii) President Sanguinetti of Uruguay 24 May 1987. On behalf of the Cartagena group of Latin American debtors President Sanguinetti reiterates concern about the debt problem, and as in previous years calls for a political dialogue outside the multilateral institutions which until now have been the accepted fora for such discussions.
- iv) President Ershad of Bangladesh 25 May 1987. President Ershad expresses concern about the consequences that increased protectionism and falling purchasing power will have for commodity dependent developing countries. He also requests that Summit countries give favourable consideration for more and better assistance to the least developed countries such as Bangladesh.
- v) Secretary General of the United Nations 27 May 1987. Sr Perez de Cuellar urges the coordination of fiscal and monetary policies, and the removal of trade barriers. Such action would be of particular help to the poorer developing countries. He also hopes that discussion at Venice will reinforce the recent agreement on agriculture reached at the OECD Ministerial meeting in May.

vi) President Eyadema of Togo 2 June 1987. President Eyadema draws attention to Africa's economic problems and seeks fairer prices for primary commodities.

vii) Sir Shridath Ramphal 4 June 1987. The Commonwealth Secretary General asks for Commonwealth interests to be borne in mind during any discussion of South Africa at the Summit: and expresses the hope that Summit participants will endorse the Chancellor of the Exchequer's proposals for relieving African debt.

viii) President Sassou-Nguesso of the Congo 6 May 1986 (but delivered to the Embassy in Brazzaville on 29 May). President Sassou-Nguesso, in his capacity of President of the Organisation of African Unity, draws attention to economic problems of developing countries generally, and of Africa in particular.

ix) President Abderemane of the Comoros 5 June 1987. Echoes the President of the Congo's words.

x) General Secretary of the TUC 5 June 1987. Mr Willis stresses the need for a coordinated strategy for growth in the major industrialised countries, particularly as a means of reducing unemployment in the OECD countries. He also urges action to relieve the debt burden.

xi) Scottish Catholic International Aid Fund 1 June 1987. Mr Maclaren calls for adequate consideration of Third World issues at the Economic Summit.

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Your Reference

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- Secret
- Confidential
- Restricted
- Unclassified

TO: Copies to:

Mr Javier Perez de Cuellar
Secretary General of the United Nations New York

PRIVACY MARKING

..... In Confidence

SUBJECT:

Thank you for your letter of 27 May about the Venice Economic Summit.

CAVEAT

As you will have seen from the Venice Economic Declaration, we gave high priority to ways of achieving stronger world economic growth. There were clear commitments by surplus countries to strengthen domestic demand and by deficit countries to reduce fiscal and external imbalances. All participants restated their commitment to build on recent agreements in Paris and Washington, by working closely together in coordinating economic policies: and their determination to strengthen the open trading system by opposing protectionism. In addition, the Summit recognised the implications of growing agricultural imbalances for developed and developing countries alike, and stressed the need for urgent reform of agricultural policies worldwide in the context of the GATT.

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Enclosures flag(s)

We also discussed in detail the problems of developing countries reflecting the importance Summit countries attach to their economic progress and stability. I particularly welcome the support which the Summit gave to ~~the possibility of giving~~ ^{to our own debt initiative} debt relief to the poorer sub-Saharan African countries by applying lower interest rates and longer repayment and grace periods to official debt rescheduled through the Paris Club, ~~which are two elements of the Chancellor of the Exchequer's initiative announced at the Spring Meetings of the IMF and World Bank.~~ I hope that creditor countries can agree independently to the third main element, the write-off of aid debts of those countries which are prepared to put sound economic policies into place.

You close your letter by referring to the forthcoming UN Conference on Trade and Development, where once again the theme will be the revitalisation of growth and development. Our discussions in Venice ^{here} served as a useful prelude to this, and I hope that next month's meeting ^{enables us to take a common view on} ~~leads to a common perception of~~ the major policy issues and problems facing both the developed and developing countries.

END