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THE PRIME MINISTER

24 June 1987

Dear Mr. President,

Thank you for your letter of 2 June about the Venice Economic Summit. I enclose with this letter a copy of the Economic Declaration.

The problems of developing countries, particularly those with heavy debt burdens, were discussed at length at the Summit, and this is reflected in the Declaration. As you recognise economic growth in developing countries as a whole depends on growth in the economies of industrial countries, and at the Venice Summit countries reaffirmed their commitment to reduce imbalances and coordinate policies to achieve this. Our countries are also committed to reducing protectionism so that developing countries have unhindered access to export markets. I attach particular importance to the reform of world agriculture, which I believe will benefit developing countries substantially. The prices that developing countries receive for their raw materials are of course determined by market forces. But at Venice we agreed to encourage further diversification of developing countries' economies with the help of the international financial institutions.

Summit countries welcomed recent measures to help developing country debtors. We welcomed the higher than expected replenishment of IDA 8 and the recent proposal

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substantially to increase the IMF's Structural Adjustment Facility. We also recognised that the problems of some of the poorest debtors, particularly in Sub-Saharan Africa are uniquely different and merit special treatment. As you will be aware, my colleague the Chancellor of the Exchequer proposed in April a new initiative in the Paris Club of official creditors, involving extended repayment and grace periods and lower interest rates on bilateral official debts for some of the poorest and most heavily indebted countries in Africa that are undertaking adjustment efforts.

The Venice Declaration gave this initiative added impetus, and I am hopeful that Paris Club creditors will reach agreement on measures of debt relief in the course of this year.

Yours sincerely

Margaret Thatcher

His Excellency General Gnassingbe Eyadema

DRAFT: ~~minute~~/letter/teleletter/despatch/note
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FROM
Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

General Gnassingbe Eyadema
President of the Republic of Togo

Copies to:

TB *JH*
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PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 2 June about the Venice Economic Summit. I enclose with this letter a copy of the Economic Declaration.

CAVEAT.....

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The problems of developing countries, particularly those with heavy debt burdens, were discussed at length at the Summit, and this is reflected in the Declaration. As you recognise, economic growth in developing countries ^{as a whole} depends on growth in the economies of industrial countries, and at Venice Summit countries reaffirmed their commitment to reduce imbalances and coordinate policies to achieve this. Our countries are also committed to reducing protectionism so that developing countries have unhindered access to export markets. I attach particular importance to the reform of world agriculture, which I believe will benefit developing countries substantially. The prices that developing countries receive for their raw materials are of course determined by market forces. But at Venice we agreed to encourage further diversification

Enclosures—flag(s).....

of developing countries' economies, with the help of the international financial institutions.

Summit countries welcomed recent measures to help developing country debtors. We welcomed the higher than expected replenishment of IDA 8 and the recent proposal substantially to increase the resources of the IMF's Structural Adjustment Facility. We also recognised that the problems of some of the poorest debtors, particularly in sub-Saharan Africa are uniquely difficult and merit special treatment. As you will be aware, my colleague the Chancellor of the Exchequer proposed in April a new initiative in the Paris Club of official creditors, involving extended repayment and grace periods and lower interest rates on bilateral official debts for some of the poorest and most heavily indebted countries in Africa that are undertaking adjustment efforts.

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