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THE PRIME MINISTER

24 June 1987

Dear Secretary General.

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

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.

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 our own recent initiative proposing debt relief to the poorer sub-Saharan African countries by applying lower interest rates and longer repayment and grace periods to official debt rescheduled

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through the Paris Club. 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 were a useful prelude to this, and I hope that next month's meeting enables us to take a common view on the major policy issues and problems facing both the developed and developing countries.

Kind regards.

Yours sincerely

Margaret Thatcher

His Excellency Senor Javier Perez de Cuellar