

FROM: N L WICKS
DATE: 3 MARCH 1989

PRIME MINISTER

Prime Minister

Whatever the subcommittee, the arrangements envisaged were very elaborate. EDP 3/3

PARIS ECONOMIC SUMMIT

The Sherpas met last week in France to begin preparations for the Paris Economic Summit.* Discussion was on predictable lines. No significant problems emerged.

Summit Arrangements

2. The latest version of the Summit timetable is attached. It looks acceptable. Attali emphasised that Summit business and the French Revolution Bicentenary Celebrations will be kept quite separate. At 15.00 hours on Friday 14 July, the Summit will begin and will proceed on normal lines. The preceding evening (when there will be a grand dinner and show at the opera), and the Friday morning (when there will be a parade and lunch) will be devoted to revolutionary festivities. Some 15 or so Heads of State/Government, hand picked by President Mitterrand, have been invited; they seem to include Mr Gandhi, Mrs Aquino, Miss Bhutto, some African leaders (both French and English speaking) and Latin Americans. There will be no organised meetings, but Attali thought opportunities for bilaterals, trilaterals and so on. Attali did not rule out the possibility that the President would try to issue some statement or communiqué based on the discussions at the dinner and lunch; indeed, Attali confessed that the President had an ambition to organise at some time a "North/South" Summit. When pressed for further information about these possibilities, Attali said, stiffly, that the Bicentenary Celebrations were a matter for French sovereign decision and it was up to the President to decide how they were run. If he changed his mind from what Attali had told us, that was a matter for the President himself.

* The French want the Summit to go down into history as "The Summit of the Arch", in recognition of the building in which it will be held.

3. I am reasonably reassured that the Summit itself will be run on conventional lines. But I suspect that the President may use the Celebrations before the Summit as a springboard for announcing some "North/South" initiative. The leaders of the developing countries present can also be expected to milk the occasion for all its worth, perhaps by addressing a "Declaration" to the Summit, ostensibly on behalf of the third world. Nevertheless, I see no reason why you should not attend the Revolutionary Celebrations as you have already agreed to do in principle. But we will need to be on guard against surprises from President Mitterrand. It will be as well nearer the time to concert a line with Chancellor Kohl and President Bush to ensure that you have some common plan of action to keep President Mitterrand under control if he tries to use the Bicentenary Celebrations for some extravagant "North/South" gesture.

4. Economic Issues

(i) The World Economy: There was general agreement with our view that the Summit should agree on the action needed to carry forward into the third Summit cycle the successful policies of the second. The Germans, Japanese, Italians, Commission and ourselves argued that control of inflation was now the top priority, though to the extent possible the fight against inflation should be carried on in a way which did not inhibit growth in the medium term. The US, French and, to a lesser extent, the Canadians put more emphasis on the need to maintain the adjustment of trade imbalances. The US said, starkly, that they must have a current account surplus because without one they would face a decline in national power. Despite this rhetoric, I should not be surprised if there was not agreement at the Summit that control of inflation was the main priority. That looks to be is the message that will need to be given to the markets. We gave notice to the Germans and the Japanese that we would expect discussion of structural issues. Strong interest in early US Budget reduction was also registered.

(ii) Trade and Agriculture: There was general agreement that the Summit should give an impetus to the second half of the Uruguay round and encourage use of the dispute settlement procedures agreed at the December meetings in Montreal. There was

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recognition, too, that agriculture was important as a structural problem in its own right. We will need to be on our guard against French, and perhaps Commission, attempts to relegate these issues down the Summit agenda. There was general agreement that the Summit should be used to review the EC single market, the US/Canada free trade agreement and regional co-operation in the Pacific so as to ensure that these agreements contributed to the world open trading system.

(iii) Debt: There was general agreement that the nature of the discussion on debt will depend on the outcome of the Spring Meetings in Washington. The French certainly will try to use the Summit to push forward their development ideas. They circulated a note on their ideas for dealing with the Bangladesh floods - at a suggested cost of some \$500 million a year for 12 years, with the prospect of a complimentary programme costing another \$10 billion. The pre-feasibility study should be ready by the end of May in time for the Summit in July. They seem amenable to our line that the Summit should give no more than a broad political declaration of interest and press for detailed consideration to be given in normal aid fora, probably under World Bank auspices. The US could not see why the Summit should devote itself to such a country specific issue - if Bangladesh, why not some other pressing world humanitarian issue? My feeling here is that if President Mitterrand's enthusiasms here can be channelled into acceptable fora, we should not object.

(iv) Environment: There was general recognition that if the Summit discussion on the environment was to maintain credibility, the communique would have to go beyond platitudes and focus on specific practical issues. The Germans have in mind a Summit initiative on a code of conduct for importers of tropical timber to help preserve forests. The French have an idea for a "Saharan Observatory", intended to track climatic developments in the region, both by satellite and on the ground; they say it should not be unduly costly. A paper is promised. I gave notice that we would be circulating a note on the economic aspects which are particularly appropriate for discussion at an Economic Summit. The US delegate seemed to say that there was no evidence that global warming was a problem and that there needed to be great caution in discussing it because of the potentially enormous

budgetary consequences. On his first point, we will consider whether our scientific experts might compare notes with the US's to see whether we can come to some common assessment of the problem. His second point about budgetary consequences is more justified. Interestingly, Attali refused to say anything about the Hague Conference - because, so the Commission Sherpa told me privately, Rocard had bounced this strange initiative through Mitterrand without any consultation with the French technical experts.

(v) East/West Economics: The French and US were somewhat concerned that discussion of East/West economics might raise difficult COCOM issues. But apparently there will be discussions between now and the Summit which will clarify that aspect. There was, however, general agreement that East/West economic relations would be bound to come up in the Leaders' discussion of East/West generally.

(vi) Drugs, Money Laundering and Insider Dealing: President Mitterrand's letter to you of 10 February seems to have been prompted by recent internal French politics. Their concern is that more needs to be done to track down criminal activity across the whole financial sphere, including money laundering, insider dealing and so on. The French have a point here. The increasingly open capital markets provide opportunities both for the financial criminal to carry out swindles on an international scale and for other criminals to use the capital markets to hide their ill-gotten monies. But the Summit should itself not get too bogged down into details here. Our aim should be to ensure that work is carried forward in the right international fora, like the OECD, the BIS bank regulators' group and so on.

Foreign Policy Issues

5. Attali said that the French would not propose any political declarations/communiqués at the Summit. But they would be open to suggestions for such documents if other Member States wanted them. This is, of course, the traditional French way of making their point that it is an Economic Summit. There will be no difficulty, I am sure, in agreeing that there should be some form of political declaration if that is what the Summit leaders want.

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6. There was agreement that East/West relations would be the central foreign policy issue at the Summit. There did not seem to be much interest in Middle East issues, though no objection to their discussion. The French helpfully suggested that there should be a meeting of the Summit 7 terrorist experts in June so that the Summit could be well briefed.

7. The Sherpas will meet again on 7-9 April, after the Fund/Bank meetings in Washington.

8. I am sending a copy of this minute to the Foreign Secretary, the Chancellor of the Exchequer, and to Sir Robin Butler.

N.L.W.

N L WICKS



DRAFT PROGRAMME

for the 15th Summit of the industrialised countries
(Paris, 14-16 July 1989)

THURSDAY 13 JULY AND MORNING OF FRIDAY 14 JULY

Heads of delegations of countries taking part in the 15th Summit of the industrialised countries are invited to attend the bicentenary ceremonies in commemoration of the French Revolution.

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FRIDAY 14 JULY

15.00 H to 16.30 H

Heads of delegation (*) are greeted by the President of the Republic at the Elysée Palace or at the Louvre Pyramid.

16.30 H

Opening session of the 15th Summit of the industrialised countries at the Louvre Pyramid.

Group photo at the Louvre Pyramid (to be confirmed).

(*) Upon arrival in France, Heads of delegation will be met by a member of the Government in the Pavillon d'Honneur at Orly airport (military honours).

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Simultaneously

Working meeting for Ministers of Foreign Affairs at the Quai d'Orsay.

Working meeting for Ministers of Finance at the Ministry of the Economy, Finance and the Budget at Bercy.

18.30 H approx.

After the opening session Heads of delegation return to their hotels.

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20.30 H

Dinner held by the President of the Republic, in honour of the heads of delegation, at the hôtel de la Marine, Place de la Concorde.

Simultaneously

Dinner held by the Minister of State, Minister of Foreign Affairs, in honour of the Ministers of Foreign Affairs at the Palais des Affaires Etrangères.

Dinner held by the Minister of State, Minister of the Economy, Finance and Budget in honour of the Ministers of Finance, at the Ministry of the Economy (Bercy).

Dinner for personal Representatives at the Hôtel de la Marine, Place de la Concorde.

SATURDAY 15 JULY

From 09.45 H

Arrival of delegations at the Arche de la Défense.

Group photo at the Arche de la Défense.

10.00 H

Plenary session at the Arche de la Défense.

12.30 H

End of plenary session.

13.00 H

Working luncheon held by the President of the Republic for Heads of delegation and Ministers of Foreign Affairs at the Arche de la Défense.

Simultaneously

Luncheon held by the Minister of State, Minister of the Economy, Finance and the Budget, for Ministers of Finance at the Arche de la Défense.

Luncheon for personal Representatives at the Arche de la Défense.

15.00 H

Plenary session resumes.

18.30 H

Informal meeting of Heads of delegation and personal Representatives at the Louvre Pyramid.

20.00 H

Dinner held by the President of the Republic for Heads of delegation at the Louvre Pyramid.

Simultaneously

Dinner held by the Minister of State, Minister of Foreign Affairs, in honour of the Ministers of Foreign Affairs at the Palais des Affaires Etrangères.

Dinner held by the Minister of State, Minister of the Economy, Finance and the Budget, in honour of the Ministers of Finance at the Ministry of the Economy (Bercy).

Dinner for personal Representatives at the Arche de la Défense.

SUNDAY 16 JULY

From 09.45 H

Arrival of delegations at the Arche de la Défense.

10.00 H / 12.30 H

Plenary session.

13.00 H

Luncheon given by the President of the Republic for Heads of delegation and Ministers of Foreign Affairs at the Arche de la Défense.

Simultaneously

Luncheon held by the Minister of State, Minister of the Economy, Finance and the Budget, for Ministers of Finance at the Arche de la Défense.

15.00 H / 18.00 H

Plenary session.

18.00 H

Reading of the joint declaration by the President of the Republic, in the presence of the Heads of delegation at the Arche de la Défense.

Press conferences held by Heads of delegation at the Arche de la Défense.

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20.30 H

Dinner held at the Elysée Palace by the President of the Republic and Mrs François Mitterrand in honour of the members of delegations taking part in the Summit and their spouses, followed by a show.

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MONDAY 17 JULY

Departure of delegations.

Heads of delegation will be greeted at the Pavillon d'Honneur in Orly airport by a member of the Government.

Reduced military honours./.

CHRONIC IV JUNE

Department of Agriculture

Office of the Chief of Bureau

Washington, D.C.

June 1, 1914

Dear Sir:

