

CONFIDENTIALPrime Minister ^{copy} ②

PRIME MINISTER

Nothing much new. But - if you look at the attached programme - there's going to be a lot of eating: 3 lunches and 4 dinners! ^{flat} CD 9/6

PARIS ECONOMIC SUMMIT: SHERPA MEETING

The Sherpa meeting at the weekend on Attali's thematic paper went broadly on the lines predicted in my minute of 24 May. The main points of the discussion were as follows.

The Bicentenary Celebration and the Summit

2. Attali circulated a further timetable for the Summit and a programme of the events for the preceding Bicentenary Celebration; these are attached. Again, he was adamant that there would be no formal meetings of the Heads assembled for the Bicentenary Celebration nor attempts to draft declarations or communiques. But there would be opportunities for informal meetings and discussions over meals. Despite these assurances, some Sherpas colleagues, including myself, continue to nurse suspicions that President Mitterand may want to make some initiative at the Celebrations. My guess is that he will use his speeches at one of the meals to try to promote a new "North/South dialogue", perhaps launched by another Cancun meeting. Attali, who has recently been to Moscow, volunteered to us that the Russians believe their absence from Cancun to have been a mistake. He also said that President Gorbachev might make a major speech, just before the Summit, addressed to the Heads, and perhaps send them letters. The FCO are considering how all this might be dealt with.

Main Themes for the Summit

3. The French have identified "three main challenges" facing the Summit: development of the world economy, the developing world and debt, and the environment. After considerable discussion, the French accepted that the Summit's main topic should be the world economy, though it is clear from their timetable that they want to focus a lot of attention on developing country and debt issues.

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World Economy

4. There was the usual discussion whether priority should be placed on control of inflation or on growth, particularly in the surplus countries, to reduce the trade imbalances. Everyone is clearly expecting that there will be a discussion of structural issues - which for political reasons Attali calls "measures to improve economic efficiency"; this will give us opportunity to make our case for reform in Japan and Germany. The OECD communique is helpful here in having passages on structural reform in both Japan and Germany.

5. The only note of real controversy was the French insistence, supported to some extent by the Italians, that the Heads should agree to develop international co-operation procedures towards a system of fixed exchange rates. This is a traditional French approach which, I am sure, will not receive much support at the Summit.

Developing Countries and Debt

6. The IMF and the World Bank Boards have recently finalised the follow-up to the decisions for reinforcing the debt strategy agreed at the Spring Interim and Development Committee meetings. The French, with Italian support, are pressing for more, in particular an issue of SDRs which could be used to finance a fund for facilitating (ie guaranteeing) interest support operations in debt reduction schemes. The US seem to be opposed. But it is possible to conceive of a situation where the current Mexican - commercial bank discussions are in deadlock, Mexico is building up arrears and there is general unrest in Brazil and Argentina on debt issues. In such circumstances, it is just possible that President Bush may support some French scheme. We will see.

Environment

7. There is considerable agreement with our wish to emphasise the importance of basing environmental policies on sound economics as well as sound science. There is wide support too for our

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proposal for the establishment of a framework or umbrella convention and for the need to encourage UNEP, WMO and the IPCC in their current work. Unfortunately, the Italians tabled at a late stage a suggestion that environmental law in each country might be harmonised and that we should make progress towards an International Law for the Environment, analogous to the International Law of the Sea. The French are also persisting in pressing their ideas for a new institution, following The Hague meeting. The Sherpas discussion ended in some confusion and Attali summoned a one day meeting to try to sort out the passages for his thematic paper.

Foreign Policy Issues

8. Attali is ready to suggest that the Heads issue three texts: a declaration on human rights, a political declaration dealing with East/West issues, and some text on terrorism. There will also be a "Chairman's Summary" of other (regional) issues discussed by the Heads and the Foreign Ministers. As events on China unfolded during the weekend, there was increasing recognition by the Sherpas that this topic could well dominate much of the discussion.

Prospects for the Summit

9. If discussion among the Sherpas is anything to go by, there is broad agreement on general themes and approaches to the Summit. My only real concern at this stage is that President Mitterand may have too high ambitions for the discussion on debt and development. But this may turn out to be more a question of language than of substance.

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

N.L.W.

N L WICKS

PROGRAMME OF THE REVOLUTION'S BICENTENNIAL CEREMONIES

OFFICIAL CEREMONIES

WEDNESDAY, 12 JULY AND THE MORNING OF THURSDAY, 13 JULY, 1989

Arrival of the Heads of State and Government invited by the President of the Republic to participate in the Revolution's Bicentennial ceremonies.

THURSDAY, 13 JULY, 1989

12 h 00

Ceremony celebrating the Revolution's Bicentennial, Parvis des Libertés et des Droits de l'Homme, place du Trocadéro, in the presence of the Heads of State and Government invited to the Bicentennial.

13 h 15

Lunch offered by the President of the Republic at the Palais de l'Elysée for the Heads of State and Government invited to the Bicentennial.

From 16 h to 18 h

Bilateral contacts.

19 h 00

Opening of the Bastille Opera, in the presence of the Heads of State and Government invited to the Bicentennial.

21 h 00

Gala dinner offered by the President of the Republic and Mrs. François Mitterrand at the Orsay Museum in honour of the Heads of State and Government invited to the Bicentennial and their spouses.

~~Formal coat~~, short dress.

Business (Dark lounge) Suit

*Now arriving w/ line
on present plans
you will
not arrive
for this J.*

FRIDAY, 14 JULY, 1989

10 h 00 - 11 h 45

Parade along the Champs Elysées, in the presence of the Heads of State and Government invited to the Bicentennial.

At the end of the parade,

Garden Party at the Ministry of Foreign Affairs, for the delegations invited to the Bicentennial.

13 h 45

Lunch offered by the President of the Republic and Mrs. François Mitterrand at the Hôtel de Lassay, for the Heads of State and Government, invited to the Bicentennial, and their spouses.

15 h 30

End of the official Bicentennial ceremonies.

CEREMONIES OF THE FRENCH PEOPLE

22 h 30 - 23 h 30

"La Marseillaise" show at the Place de la Concorde.

NB where the Heads will be having dinner

PROGRAMME OF THE SUMMIT OF THE ARCH

July, 14 Friday

From 16 H 30 TO 17 H 00

Heads of delegation are met by the President of the Republic at the Louvre Pyramid.

17 H 00 (*World Economy
Economic Coordination*)

Opening restricted session of the XVth Summit of the industrialized nations at the Louvre Pyramid.

Simultaneously

Working session of the Ministers of Foreign Affairs.

Working session of the Ministers of Finance at the Ministry of Economy, Finance and Budget (Bercy).

At approximately 18 H 45

At the end of the opening session, the Heads of delegation leave for their residence.

20 H 30 *East West etc*

Dinner offered by the President of the Republic for the Heads of delegation at the Hotel de la Marine, Place de la Concorde. Formal coat, short dress.

Simultaneously

Dinner offered by the Minister of State, Minister of Foreign Affairs for the Ministers of Foreign Affairs at the Palace of Foreign Affairs (Quai d'Orsay).

Dinner offered by the Minister of State, Minister of Economy, Finance and Budget for the Ministers of Finance at the Ministry of Economy, Finance and Budget (Bercy).

Dinner of Personal Representatives at the Hôtel de la Marine, Place de la Concorde.

July, Saturday 15

From 9 H 45

Arrival of delegations at the Arche de la Défense.

10 H 00 *Agree Political Declaration*

Restricted session at the Arche de la Défense. (*Foreign Ministers may attend*)

10 H 15 *World Economic Situation, Trade*

Plenary session at the Arche de la Défense.

12 H 30

End of plenary session.

13 H 00

Luncheon offered by the President of the Republic to the Heads of delegation at the Arche de la Défense.

Simultaneously

Lunch offered by the Minister of State, Minister of Foreign Affairs for the Ministers of Foreign Affairs at the Arche de la Défense.

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

Lunch for the Personal Representatives at the Arche de la Défense.

15 H 00 *Debt etc*

Plenary session (continuing).

17 H 00

End of plenary session.

18 H 30 *Environment*

Informal meeting of Heads of delegation and Personal Representatives in the Louvre Pyramid.

20 H 00

Dinner offered by the President of the Republic for the Heads of delegation in the Louvre Pyramid. Formal coat, short dress.

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Simultaneously

Dinner offered by the Minister of State, Minister of Foreign Affairs for the Ministers of Foreign Affairs at the Palace of Foreign Affairs (Quai d'Orsay).

Dinner offered by the Minister of State, Minister of Economy, Finance and Budget, for the Ministers of Finance at the Ministry of Economy, Finance and Budget (Bercy).

Dinner for the Personal Representatives at the Arche de la Défense.

July 16, Sunday

From 9 H 45

Arrival of delegations at the Arche de la Défense.

10 H 00 - 12 H 30

Plenary session.

13 H 00

Communiqué

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

Simultaneously

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

Lunch for the Personal Representatives at the Arche de la Défense.

15 H 00 - 16 H 30

Plenary session.

17 H 00

*May not be reached.
Depends on discussions*

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

Press conferences by the Heads of delegation.

20 H 30

Gala Dinner hosted by the President of the Republic and Mrs François Mitterrand at the Elysée Palace for the Heads of delegation and spouses. Black tie, long dress.

* Attali would like to get rid of this reading ceremony. But he cannot think of anything to replace it. There is a general feeling ^{among Europeans} that the Summit needs to finish with an "event", rather than just formally.

ECON POL: Sherpas Party

