

PRIME MINISTER

ECONOMIC SUMMIT

You started on some of the reading for the Summit at the weekend. I now attach some fuller briefs. I have organised them into the following blocks:

- World Economy, including Structural Reform and Trade
- Debt
- Environment
- Drugs and Money Laundering
- Political Subjects

Each section sets out our objectives and arguments to support them, together with background material. In the case of the World Economy and the Environment there are also speaking notes, both those prepared by Nigel Wicks and those prepared by Departments. You commented that they were rather mundane. I have asked Alan Walters to have a go at the economic one.

It is clear that the French want to make debt and the environment the main Summit issues, and there is a risk they will use the presence of so many Third World Heads of State and Government to revive the North/South dialogue in one shape or another (which would be tiresome). The Americans will want to give prominence to President Bush's initiative on aid to Poland and Hungary.

Our main positive objectives will be:

- to get a renewed firm commitment to the economic and monetary policies which proved so successful during the second phase of Summits.
- to get the firmest possible commitment to bring the GATT round to a successful conclusion by end-1990.
- to gain explicit support for our proposal for a framework Convention on Global Climate Change, and more general support for a sound economic approach to environmental decision-making.
- to get endorsement for our proposed international conference on demand reduction for cocaine and other drugs.
- to secure some reference in the Summit Communique to willingness on the part of all Summit countries to provide help and support in a worst case situation in Hong Kong.

Our negative objectives:

- to stop the French using the occasion to relaunch a North/South dialogue at high political level.
- to stop any attempt to go beyond existing IMF/World Bank decisions on debt reduction for middle income debtors.
- to stop creation of new international environmental institutions or the creation of Climate Fund.
- to prevent references to insider trading as a proper subject for international regulation.
- to inhibit the French from hijacking the flood control assistance for the Bangladesh initiative.

- to keep references to South Africa out of the Summit conclusions.

There may be further briefing to come after the final meeting of Sherpas this weekend (and possibly a draft Communique).

C.D.P.

Charles Powell

10 July 1989