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THE PRIME MINISTER

28 July 1989

Dear Secretary-General,

Thank you for your telex about the Economic Summit.

The outcome of the Paris meeting was very satisfactory. A great deal was achieved on a wide range of issues. All the Summit leaders demonstrated a desire to work together to resolve a range of global problems; we addressed in particular the problems of the world economy and environmental and drugs issues, on all of which the United Kingdom made a major and positive contribution.

As I said in my statement to the House of Commons, the Summit reaffirmed the need to continue the sound economic policies which have brought greater prosperity. The Declaration stressed our common commitment to bring down inflation, which is most important, and we agreed on the need for continuing cooperation to further reduce current account surpluses and deficits. The Summit also agreed that continued structural reform to promote competition and incentives is vital for improving economic efficiency. We confirmed our determination to fight trade protectionism in all its forms and committed ourselves to a successful conclusion of the Uruguay Round.

In your letter you drew attention to two 'critical areas' for the Summit, both of which we considered in Paris. On the problems of external indebtedness, we reaffirmed our support for the agreement reached at Toronto on the debt of

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the poorest countries. Thirteen countries have so far benefited from these improved terms. For the middle-income debtors, we expressed our commitment to the strengthened debt strategy which emphasised the importance of voluntary market-based reduction and provides for the use of IMF and World Bank resources in support of debt reduction transactions. We also reaffirmed that the most sensible way to tackle Third World debt problems was on a case by case basis with the cooperation of existing financial institutions rather than by creating any new organisations or structures.

I share your concern about the environment and I was particularly pleased with the attention paid by the Summit to environmental issues, especially to the ozone layer and climate change. These are matters of growing concern, as you point out, and rightly featured strongly in our discussions. The United Kingdom's call for a framework convention on global climate change was welcomed, as was the emphasis we place on the need for environmental protection policies to be both scientifically and economically sound in order to achieve sustainable development. I welcome particularly the call in the Declaration for international bodies dealing with the environment to be strengthened, and the support expressed for the preservation of the world's tropical forests. I also welcome the emphasis placed on the interests and needs of developing countries to sustain the growth of their economies to meet environmental challenges.

Next year's special session of the General Assembly will, as you say, address a wide range of important issues and the United Kingdom looks forward to playing its usual constructive role in the proceedings.

Kind regards,

Yours sincerely

Javier Cuellar

His Excellency Senor Javier Perez de Cuellar