



FROM: N L WICKS
DATE: 22 JUNE 1990
Ext : 4369

Handwritten initials and number 1

PRIME MINISTER

*Prime Minister
Agree with Nigel Wicks
can say that next
year's Summit in*

HOUSTON ECONOMIC SUMMIT

The Sherpas have their last preparatory meeting next weekend in New York to make the final preparations for Houston. You might like a short sitrep.

*London will be in
July? CB/22/6*

Helping the USSR

2. Of the Summit participants, Kohl will be the most keen to offer support. He may be joined by Mitterrand. Bush has publicly warned against any "bold new initiative" at Houston. Kaifu will be very cautious. The Canadians face severe budgetary stringency, but will want to be part of any bandwagon. The Italian position is uncertain. Our own approach, for both Dublin and Houston is as follows. We want to encourage the reform process in the Soviet Union but to keep this separate from German unification. "Know-how" and technical assistance can be a catalyst of reform. But to offer large credits would be a serious mistake. Instead, we need a full analysis of the Soviet economy and a prescription of the reforms required, with a clear Soviet commitment to take the necessary measures. Then we could consider how the West can help, with strong conditionality. The FCO are in touch with your Office about the means of securing this analysis. I will be guided by the outcome.

*The Leonov...
had it right.
The Soviet's
problem is not
that it lacks
the equipment,
... that and
not the big
that is economic
system is utterly
irreparable & perhaps
it is efficient
use. One
that change
went with no
one else of
Joseph wanted
to provide
capital on
a commercial basis*

Uruguay Round - Agriculture

3. When the FAC considered the Uruguay Round on 19 June, Andriessen agreed that Houston could give a useful political impulse to the agricultural discussions. France and Ireland argued at the FAC for standing firm. But the UK and Italy said that movement on agriculture was necessary and the Italian Trade

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Minister has since repeated this in public. The change in Presidency, on 1 July, will thus be helpful. There are signs too that the Commission may be preparing to make some move. So we might just achieve the necessary convergence between the US and EC positions at our New York meeting. If not, the Chairman of the GATT Agricultural Group, should produce his negotiating text on 2 July which could give us another chance.

Environment - Climate Change

4. The US Sherpa is still backing language which we proposed at the last meeting and which I described in my previous minute to you. It sees the Second World Climate Conference as the opportunity to consider targets and strategies for limiting or stabilising greenhouse gas emissions. It supports a framework climate convention, under the auspices of UNEP and WMO, and with a 1992 deadline, though a slower timetable for protocols. This is a good sign. It remains to be seen whether Governor Sanunu returns to the charge to try to change the language.

5. Meanwhile, I am sending to my Sherpa colleagues the paper which Mr Patten sent you on 20 June which elaborates on this approach. This may help to influence the discussions which President Bush has scheduled for 25 and 27 June. If the Americans can live with this approach, I believe it would lay the foundations for a consensus at Houston. But if they go back to insisting that nothing can be done apart from more research, we shall be in for some tense discussions at Houston. There would be a wide gap between the US and German approaches, though neither Kohl or Bush can want an open split.

Date and Place of the 1991 Summit

6. This year's Summit declaration should end with your invitation to the other Heads to join you at a Summit in London in 1991. It is not usual to specify the exact date in advance - though the French did because of their bicentenary - but it would be worth giving the other countries an indication, either at the next Sherpa meeting, or at Houston, that we intend to hold the

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7 15 PM Summit in July. Would you be willing for me to indicate July at our New York meeting? If it were possible to specify the exact dates (within our bracket of 5-18 July) at Houston and to obtain provisional acceptance of them, that would much simplify our future preparations. We will let you have further advice about that before the Summit.

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

N. L. W.

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