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572

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

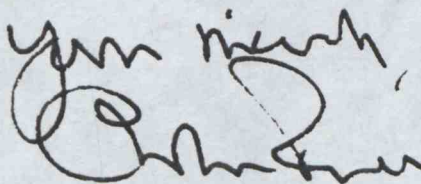
4 July 1990

*Dear John.*

**HOUSTON ECONOMIC SUMMIT:  
PRIME MINISTER'S OPENING STATEMENT**

Thank you for your letter of 29 June about the Prime Minister's draft opening statement at the Economic Summit. I have put the point about the paragraph on the objective reference standard to the Prime Minister, and she has agreed to drop it.

I am copying this letter to Stephen Wall (Foreign and Commonwealth Office), Nigel Wicks (HM Treasury) and Sonia Phippard (Cabinet Office).

*Yours sincerely,*  
  
(C. D. POWELL)

John Gieve, Esq.,  
HM Treasury.

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10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

4 July 1990

*Dear Steph,*

ECONOMIC SUMMIT

The Prime Minister has signed the enclosed reply to President Bush's message of 26 June about the handling of trade and environment issues at the Houston Economic Summit. I should be grateful if you could telegraph the text to Washington for delivery today, before the President leaves for Europe.

I am copying this letter and enclosure to John Gieve and Nigel Wicks (HM Treasury), Martin Stanley (Department of Trade and Industry), Phillip Ward (Department of the Environment) and to Sonia Phippard.

*Yours faithfully,  
C. D. Powell*

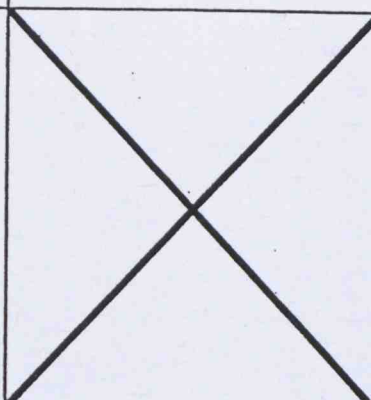
(C. D. POWELL)

Stephen Wall, Esq.,  
Foreign and Commonwealth Office.

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# **A** The National Archives

DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>2945</i> ..... (one piece/item number)	Date and sign
Extract details:  <i>Message from PM to US President dated 4 July 1990 (T.1446/90)</i>	
CLOSED UNDER FOI EXEMPTION .....	
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Enter the department and series,  
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Enter extract details if it is an extract rather than a whole piece.  
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His Excellency  
Mr. George BUSH  
The President of the United  
States of America

Dear Mr. President,

Addressing this message to you as Chairman of the Sixteenth Economic Summit of the Seven's leaders due to be held in Houston, and through you, to its other participants, I wish to continue the discussion of the general problems of the world's development and of ways of getting our economies closer together.

The time which has elapsed since the Paris summit has been filled with developments of truly historic proportions. At the political level, a great deal has been done in terms of overcoming the divisions in the world. The division of Europe is becoming a thing of the past. The antagonism between the blocs and the superpowers is giving way to relations of partnership and cooperation.

Disarmament processes are gaining strength, which not only makes the world safer, but is creating a solid foundation for a sustained development of the world economy.

Overcoming the economic division of the world is now the order of the day. What needs to be done is achieving compatibility between different economic mechanisms and creating new cooperative structures. The decisions of the Bonn conference on economic cooperation and the establishment of the European bank for reconstruction and development are going in this direction.

The granting to the Soviet Union of the observer status in GATT is cause for satisfaction. It is a real step toward economic openness. The Soviet contacts with the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development are on the increase. The agreement between the USSR and the European communities on trade and commercial and economic cooperation, concluded last December, has begun to operate. The recent US-Soviet summit in Washington saw a genuine "breakthrough" in economic matters.

It is important that the rapprochement between East and West is not taking place in isolation from the rest of the world and that it is contributing to shaping universal principles of economic comity of all states, including developing countries, which was stipulated in the decisions of the Eighteenth Special Session of the UN General Assembly.

Looking back at the year past, we believe that the Soviet leadership has been doing everything in its power in order to buttress its new policies with concrete actions both at home and abroad.

Today, the USSR is going through a most critical stage in perestroika. It involves breaking the obsolete economic structures and a transition to market economy. Without these radical steps, further renewal of our society will be impossible.

At present, the Soviet leadership is looking for ways of supplementing the internal transformations with outside financial and economic support. These efforts are directed toward securing credit assistance, attraction of foreign capital, transfer of managerial experience, personnel training, and include other measures conducive to creating a competitive economy.

The first contacts in this regard have taken place, and by and large we are finding understanding.

Perhaps, it would be possible to talk about working out long-term agreements on large-scale credit and investment cooperation which in effect would be a serious factor of



stabilization and a transition to the market economy in the USSR. Establishment of a specific program of cooperation - eventually mutually beneficial cooperation - would best serve this objective.

I feel that a sustained economic dialogue between the USSR and the Seven would contribute to that as well.

Sincerely,

Mikhail GORBACHEV

Moscow, Kremlin

July 4, 1990

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*cebq*



Foreign and Commonwealth Office

London SW1A 2AH

3 July 1990

*Dear Charles,*

Houston Economic Summit

Your letter of <sup>*Prop*</sup> 26 June to Nigel Wicks asked for a draft reply to the message from President Bush to the Prime Minister: as agreed with Nigel, I enclose a draft. These points are also covered in briefing which we will be providing for the Prime Minister's bilateral meeting with President Bush in the margins of the NATO Summit.

Although we know that President Bush's letter went to all Summit participants, we suggest that the Prime Minister's reply should go to President Bush alone.

I am copying this letter and enclosure to Nigel Wicks, John Gieve (HMT), Martin Stanley (DTI), Philip Ward (Department of the Environment) and Sonia Phippard (Cabinet Office).

*Yours,  
Stephen Wall*

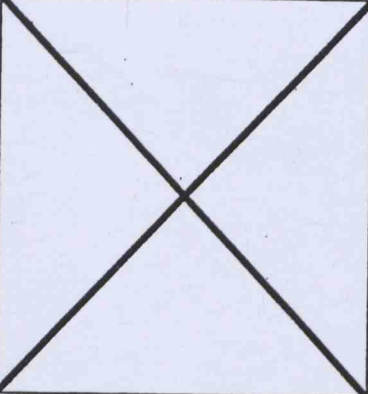
(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

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Extract details:	
<p style="text-align: center;"><i>Draft message from PM to President Bush (enclosure to letter Wall to Powell dated 3 July 1990)</i></p>	
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