

S U P P L E M E N T A R I E S

No Message of Hope for Unemployment

As I have often said, no quick and easy answers. What was impressive in the Summit discussions was the conviction of all represented there that lasting job opportunities can only be created if we maintain sound financial policies and open markets and remove disincentives and unhelpful regulations to foster a climate of more vigorous enterprise and initiative.

US Recession/Europe taking up slack

Some moderation of the very rapid pace of US growth last year is to be expected, and is welcome, as the US get to grips with their budget deficit problem. Other Summit countries are expecting to continue and strengthen their growth. Remind that UK is now entering fifth year of growth and expects it to continue.

Disagreement/Failure on trade

We were not able to reach unanimity on naming now a date for the new GATT round. But we were unanimous in deciding to tackle urgently the important substantive preparations this summer and complete them so as to move on to full negotiations at the earliest possible date.

International Monetary Conference?

The discussions on international monetary questions begun after the Williamsburg Summit will be completed next month, thereafter be discussed - as is appropriate - in the IMF Interim Committee. Any decision further meetings should be taken then.

Intermediate developing countries: What does proposal mean?

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This reflects a sense that, having/our attention to major debtors at one extreme and the very poorest countries of Africa at the other, we might be overlooking interests of some developing countries which face special problems deserving sympathy. Further discussions are most likely to take place in the context of the activities of the World Bank.

Debt: What answer to Cartagena?

Very extensive discussions in meetings of Interim and Development Committees in Washington on 17/19 April confirmed the need to persevere with the case-by-case strategy of help conditional on the unavoidably necessary efforts to adjust their economic policies by the debtor countries themselves. Important progress has been made in some cases in rescheduling agreements, the idea of which was first launched at the London Summit last year.

Africa: What use is expert group?

Africa needs help to help itself: better food production,

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not emergency food aid. Experts will make proposals for better international coordination and assistance in forecasting techniques, emergency transport, new agricultural programmes, struggle against desertification.

Environment

Intensify cooperation in existing bodies such as the OECD and the European Community. Our experts to agree on measurement techniques to provide agreed scientific facts as basis of international discussion. All accepted application of market mechanisms and the "polluter pays" principle.

ECONOMIC SUMMIT: SUPPLEMENTARIES ON FOREIGN POLICY ISSUES

Geneva: Support For US Efforts?

The Political Declaration is perfectly clear on this point.

"We strongly support endeavours to strengthen peace and enhance deterrence through the negotiation of meaningful reductions" in levels of armament. I am in no doubt that the main contribution to those endeavours is being made by the United States of America. And the Declaration specifically recognises the positive US proposals designed to achieve the necessary reductions.

SDI: Discussion of General Principles?

The Summit welcomed the Geneva negotiations as a whole. It would not have been the right forum for a detailed discussion of strategic defence.

SDI: Participation?

This did not come up directly at the Summit. But in discussion with President Reagan, I confirmed that the UK would certainly wish to participate in the SDI research programme. As President Reagan ^{and I} made clear at Camp David last December, and ^{and others} as I have stressed on a number of occasions since then, there is a clear distinction to be drawn between research and deployment. There is no question of deployment without negotiation.

SDI: Concertation of European Responses?

There was no discussion of this at the Summit. The first thing is to be clear what the specific interests and capabilities of each country are before we can talk sensibly about consultation or concertation.

Political Declaration - A Parallel With Bitburg?

I take it that this is a reference to the passage in the Political Declaration which refers to "those who lost their lives ... whether by acts of war, or as victims of inhumanity ...". This certainly does not equate those who died so tragically in concentration camps and from other acts of Nazi tyranny with their violators. It means no more than it states: that we remember in grief all those who lost their lives in the agony of that terrible war.

Nicaragua: US Embargo Criticised?

There was indeed a discussion of Nicaragua. The American Secretary of State spelled out US objectives once again: the establishment of democracy and democratic freedoms in Central American countries. He made clear that the US fully supports the Contadora process. On all that he received widespread support at the Summit.

Mr Shultz also explained the background against which the American Administration decided to impose economic sanctions against Nicaragua. But he made it clear that he was not looking for parallel action by other countries.

[If pressed]

The Foreign and Commonwealth Secretary said that we fully understood and supported US objectives and agreed on the need to promote peace, stability, freedom and justice there. He said that we too supported the Contadora process and that we too wanted to see an end to disruption by Nicaragua of neighbouring countries and an end to the arms build-up. He acknowledged the need to keep up pressure on Nicaragua to move in the right direction.

And he pointed to the dilemma that sanctions could have the effect of increasing Nicaraguan dependence on Soviet and Cuban assistance. But he recognised that this was a judgement for the US to make. What we all wanted was a free and independent Nicaragua.

Afghanistan?

There was a brief discussion of Afghanistan, in the context of East/West relations. The Summit recognised that the continued presence of Soviet troops in that country was a major obstacle to better understanding between East and West. It also recognised the intense suffering of the Afghan people and their courage in resisting the enormous military and technological resources being deployed against them. We pledged our support for the efforts of the UN Secretary-General to achieve a negotiated settlement which would provide for the withdrawal of Soviet forces and the restoration of the rights of the Afghan people.

Cambodia?

We also discussed Cambodia and the serious threat to stability in the area posed by the Vietnamese occupation of that country. There was the strongest support from all of us present for the withdrawal of all foreign forces from Cambodia as soon as possible, in compliance with successive UN resolutions. ~~And we all expressed support.~~ And we recognised the efforts of the ASEAN countries to achieve a solution on the basis of internationally supervised elections.

Bonn Summit A Defeat For The French?

Absolutely not. The virtue of the Economic Summit forum is that everyone among the participants is able to speak his mind freely on every issue. Of course, we do not all agree on everything. And there are some issues for each of us on which we must defend our position with particular vigour. But what we aim to do - and what we do do - is to arrive at a consensus. You cannot say of anyone that he has been defeated when a consensus has emerged.

Drugs: Further Steps?

We shall have to see what can most effectively be done. Experts from the seven countries will meet together soon to look urgently at this. There is, of course, a great deal of bilateral co-operation already in this field, for example, between the enforcement agencies of ourselves and the United States. But since we are dealing with a worldwide multi-billion dollar market in illicit drugs, and since the tragic victims tend to be found in the more affluent societies like our own, there is an obvious need to try to ensure that as the problem is tackled in one area it does not shift straight away to another. This is where the principal scope lies for greater multilateral efforts to co-ordinate action against the criminals who are trafficking in this particular kind of human misery.

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We must also see if we can work towards a comprehensive strategy among the seven. This could tackle such questions as legislation for dealing with the assets of drug runners; and schemes to educate the innocent in the appalling consequences and risks of using substances like cocaine and heroin which are becoming so easily available on our streets.

Terrorism

We had very good discussions at the London Summit about terrorism, and work is still continuing to carry forward the ideas developed there for closer co-operation between the Summit countries. So this year there was less need for the Heads of State and Government to discuss it themselves. But the Foreign and Commonwealth Secretary and his colleagues took stock of the work that had been done and agreed that it should continue.

SUPPLEMENTARIES ON BILATERAL WITH PRESIDENT REAGAN

SDI RESEARCH

I REPEATED TO THE PRESIDENT WHAT I SAID DURING MY VISIT TO WASHINGTON IN FEBRUARY, NAMELY- THAT THE UNITED KINGDOM INTENDS TO ACCEPT HIS OFFER OF PARTICIPATION IN RESEARCH ON THE STRATEGIC DEFENCE INITIATIVE, AND I HOPE THAT WE SHALL DO IT IN THE SAME WAY AS WE HAVE COLLABORATED SINCE WE WORKED TOGETHER ON THE ATOMIC BOMB. OF COURSE THAT PARTICIPATION MUST BE A TWO-WAY PROCESS IN WHICH BRITAIN AND BRITISH FIRMS ALSO BENEFIT FROM THE RESULTS. WE WANT TO BE PARTNERS NOT SUB-CONTRACTORS.

COOPERATION WITH OTHER EUROPEANS?

OF COURSE WE SHALL KEEP IN TOUCH WITH THOSE EUROPEAN COUNTRIES WHO INTEND TO ACCEPT PRESIDENT REAGAN'S INVITATION, ALTHOUGH FRANCE HAS ALREADY SAID THAT IT DOES NOT INTEND TO DO SO. BUT I FIRMLY BELIEVE THAT IT WOULD BE BEST TO ARRANGE OUR PARTICIPATION BILATERALLY, IN THE WAY WHICH HAS PROVED BENEFICIAL IN THE PAST.

DID YOU RAISE TRADE SANCTIONS AGAINST NICARAGUA?

YES I DISCUSSED THIS WITH PRESIDENT REAGAN AND THERE WAS ALSO DISCUSSION AMONG THE FOREIGN MINISTERS ATTENDING THE SUMMIT. OUR OWN EXPERIENCE OF TRADE SANCTIONS IS THAT THEY ARE NOT VERY EFFECTIVE. BUT THE AMERICANS HAVE NOT SOUGHT THE PARTICIPATION OF OTHERS. THEY HAVE ALSO MADE CLEAR THAT THEY REMAIN READY TO WORK THROUGH THE CONTADORA PROCESS. SO DO WE.

(IF PRESSED) WE SUPPORT THE AMERICAN AIM OF KEEPING UP PRESSURE ON THE NICARAGUAN GOVERNMENT TO STOP PROMOTING SUBVERSION IN CENTRAL AMERICA. BUT AS I HAVE MADE CLEAR, OUR OWN EXPERIENCE OF TRADE SANCTIONS IS THAT THEY ARE NOT VERY EFFECTIVE.

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EFFECT ON BRITISH COMPANIES/FOREIGN SUBSIDIARIES OF US FIRMS?

THE AMERICANS HAVE MADE CLEAR THAT THERE WILL BE NO
EXTRATERRITORIAL APPLICATION OF THE MEASURES.

BILATERAL MATTERS

FRANCE

Channel Fixed Link

I discussed this matter with President Mitterrand. We agreed on the need for Government to keep up the pace of our preparatory work so that we are in a position to make rapid progress after the closing date for proposals from private promoters, which have been requested by the end of October.

SDI and Eureka

I did not have any substantial discussion with President Mitterrand on his proposal for a European research co-ordinating agency. But we did discuss the question of research generally and I stressed my wish that Britain should seize the opportunity offered by the United States to undertake some of the basic research contributing to the Strategic Defence Initiative.

European Fighter Aircraft

I stressed that collaboration on the European Fighter Aircraft requires agreement on a specification which meets the military requirement and provides a fair division of the work among the participating countries.

BILATERAL WITH SIGNOR CRAXI

Future of the European Community

I TOLD SIGNOR CRAXI THAT I DID NOT THINK AN INTER-GOVERNMENTAL CONFERENCE WOULD BE USEFUL. IT WOULD BE BETTER TO KEEP DISCUSSION OF THE FUTURE OF THE COMMUNITY IN THE HANDS OF THE EUROPEAN COUNCIL, WHICH HAS SHOWN ITS CAPACITY TO REACH PRACTICAL DECISIONS.

Majority Voting/Veto

I BELIEVE THAT THERE IS SCOPE FOR MAKING MORE USE OF THE EXISTING MAJORITY VOTING PROVISIONS OF THE TREATY, SUBJECT ALWAYS TO THE RIGHT OF ANY MEMBER STATE TO INSIST ON UNANIMITY WHERE A VITAL NATIONAL INTEREST IS AT STAKE.