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Economic Results
Ottawa Econ Summit*

CABINET OFFICE

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From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref: A05155

25th June 1981

Dear Andrew,

Visit of Mr. Trudeau

The Canadian High Commissioner, Mrs. Jean Casselman Wadds, called at her own request on Sir Robert Armstrong on Tuesday, 23rd June. She was accompanied by the Minister in the Canadian High Commission, Mr. Christian Hardy, and by Mr. Richard Howard.

Mrs. Wadds said that she wished to have Sir Robert Armstrong's views on the Prime Minister's approach to the forthcoming Ottawa Economic Summit and on the Summit's main themes in advance of Mr. Trudeau's visit on Friday, 26th June.

Sir Robert Armstrong said that the Prime Minister was looking forward to this occasion as an opportunity for the Heads of State or Government (four of whom would be new to office since the last Summit) to get to know each other better and to have a wide-ranging exchange of views. In particular, she thought that the Summit would be important as the first occasion on which President Reagan would be meeting and exchanging views with Heads of State or Government of his principal allies. Sir Robert Armstrong stressed the importance which the Prime Minister attached to the opportunity which the Summit would provide for an informal exchange of views rather than for reaching specific decisions. She had found that the Venice Summit had concentrated too much on trying to reach decisions and had moved too far away from the original concept of informal discussion.

As for the main themes of the Summit, Sir Robert Armstrong said that there were likely to be three: the international economic and financial situation, relations with developing countries, and Trade. On the first the continental Europeans and the Japanese would take a tough line about the impact of United States interest rates on the economies of other industrialised countries and the consequential strains which these would produce on relations within the Western Alliance. There was some sign at the recent OECD Ministerial meeting that there might be some basis for a line which would steer clear of public confrontation on these issues at Ottawa. But the position of the French Government was as yet unclear and it was difficult to be sure what effect President Mitterand's views would have on discussions at the Summit.

/On relations

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On relations with developing countries, Ottawa would present an opportunity for the industrialised world to see how far they could establish an identity of views as a prelude to Cancun. But this would not go as far as an attempt to form a united front against the interests of developing countries. In this field too, uncertainties about the position of the French Government, the reluctance of the Germans to increase their official development assistance and the reserved position of the United States towards Global Negotiations all meant that there were likely to be differences of opinion at the Summit.

On Trade, Sir Robert Armstrong thought that the Summit would acknowledge the need to preserve the principles of the open trading system against protectionist pressures. But at the same time the Europeans would be looking for some indication that the Japanese were prepared to address the trading problems which their increased exports to industrial markets presented. In response to a question Sir Robert said that the Summit would not be used for "Japan bashing" but it was important to ensure that this opportunity to keep up the pressure on the Japanese was not lost.

Mrs. Wadds asked further questions about the following subjects:-

- (a) The Communique. Sir Robert Armstrong said that the Prime Minister's wish would be for a short communique, and one not fully baked in advance.
- (b) Advance Press Briefing. Sir Robert thought that there would be little of this and only on a background basis to national Press before the Summit began.
- (c) The United States East/West paper. This was to be slightly revised to make it more interrogative. Sir Robert did not think that the United States would be looking for a planned follow-up of specific decisions.
- (d) Political Discussions. Mrs. Wadds suggested that Poland and Afghanistan would be discussed in the political exchanges. Sir Robert agreed but did not think that any declaration would be issued unless serious developments were to intervene in Poland.
- (e) Future Summits. In pointing out that the Ottawa Summit would be the last of the present cycle of Summits, Sir Robert said that he thought the Prime Minister would favour their continuance.
- (f) Energy. This was unlikely to dominate this Summit as it had done on previous occasions. But Britain would favour any encouragement which the Summit gave to further action to speed up the development of nuclear power and coal.

Mrs. Wadds also asked about the Prime Minister's views on President Mitterand. Sir Robert Armstrong pointed out that they had not yet met but would do so at the forthcoming European Council in Luxembourg. It had been apparent at the recent Vancouver meeting of Personal Representatives

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that the new French Government was tending to concentrate its attention on the social implications of economic policy and also on the "moral and ethical" dimensions of North/South Relations. But President Mitterand could be expected to adopt a fairly pragmatic approach to the problems which he faced, and there was no reason to expect any fundamental change in the French position at Ottawa.

There was also a brief exchange between Sir Robert Armstrong and Mrs. Wadds over the Canadian Constitution. Mrs. Wadds confirmed that there now seemed little likelihood of an early Supreme Court decision. The Court had risen for the holidays without pronouncing and it was unlikely to resume its sittings for some time. The Chief Justice would be in Britain next month and there was little chance of a judgment being issued in his absence.

Copies of this letter go to Jonathan Phillips (Trade), Ian Fitzpatrick (Energy), Jill Rutter (Treasury), Vi Read (ODA) and Michael Alexander (No. 10).

Yours ever,

David

(D. J. Wright)