

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No: TS4186



10 DOWNING STREET

THE PRIME MINISTER

18 March 1986

Dear Brian

Thank you for your letter of 11 March - and I was glad to talk to you yesterday evening.

As I said then, I recognise fully the close interest which Canada has in discussions and decisions of exchange rates and related matters of the kind which were announced after the September meeting of the G5 Finance Ministers and Central Bank Governors in New York last September. As I told Signor Craxi when I met him last week, I believe that arrangements should be made to allow Italy - and the same must apply to Canada - to take part in discussions of exchange rates, especially when these involve important decisions affecting them. The United Kingdom will not stand in the way of a satisfactory solution which enables that to happen. I hope that Finance Ministers will work out details next month.

Since there was at one stage a suggestion of some new group of six to include Italy and not Canada, may I assure you personally that the United Kingdom would not countenance such an arrangement.

I hope the visit to Washington was a success.

With warm regards,

Yours ever
Margaret

The Right Honourable Brian Mulroney, P.C., M.P.

CONFIDENTIAL



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

14 March 1986

C D Powell Esq
No.10 Downing Street

Dear Charles,

I attach a draft reply for the Prime Minister to send to the Canadian Prime Minister on the question of G5 meetings.

Having successfully kept options open in her recent talks at the Anglo-Italian Summit, the Prime Minister will clearly not want now to give ground to the Canadians.

The last paragraph of the draft is optional. It is true that the idea of a G6 (ie adding Italy but not Canada to the present G5) was rumoured in January to have been suggested by President Mitterand and caused some excitement among Canadian officials until UK and US officials reassured them. At this stage, since Mitterand has not pursued the idea at all, it may be hardly worth mentioning.

In speaking with Mr Mulroney on Monday the Prime Minister might like to be aware that Mulroney will be having a bilateral summit with President Reagan on Tuesday 18 March, at which the subject of expanding the G5 may come up.

I am copying this letter and draft to Colin Budd at FCO.

*Yours ever
Rachel*

RACHEL LOMAX

CONFIDENTIAL

DRAFT LETTER TO CANADIAN PRIME MINISTER

My dear Prime Minister

Thank you for your letter of 11 March - and I was glad to talk to you yesterday evening.

I recognise fully the close interest which Canada has in discussions and decisions of exchange rates and related matters of the kind which ^{were} ~~are~~ quite exceptionally announced after the September meeting of the G5 Finance Ministers and Central Bank Governors in New York last September.

As I told Signor Craxi when I met him last week, I believe that arrangements should be made to allow Italy - and the same must apply to Canada - to take part in discussions of exchange rates, especially when these involve important decisions affecting them. The United Kingdom will not stand in the way of a satisfactory solution which enables that to happen. I hope that Finance Ministers will ~~be~~ working out details next month.

Since there was at one stage a suggestion of some new group of six to include Italy and not Canada, may I assure you personally that the United Kingdom would not countenance such an arrangement.

Yours sincerely

I hope to visit to Washington

has a facsim.

With warm regards.

L O C A L.

later 18/3

Please type
for PM's signature

on...
No undertakings.

As I
said
PM,