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the department for Enterprise

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Date 25 February 1988

Jean Rodric,

JAPANESE PROPOSAL FOR AN INFORMAL MEETING OF TRADE MINISTERS

Thank you for your letter of 22 February ^{file with New} in reply to mine of 19 February.

2 In answer to specific points raised in your letter, I have spoken to my French, German and Italian opposite numbers. The French will go along with the new Japanese proposal. The Germans are rather more cautious, and are recommending to Dr Bangemann a solution on the lines of that set out below in this letter. My Italian opposite number had not heard of any approach to Ruggiero (the Italian Minister of Foreign Trade), as the Japanese claim to have made: he undertook to make enquiries, but has not yet come back to me. It looks therefore as if there would not be ready unanimity with the Commission view as set out in Lamy's letter of 16 February to Nigel Wicks.

3 The Germans have also told me that the Dutch may attend the Trade Ministers' meeting in Konstanz next month, in addition to the UK, France, Italy and the FRG. It would not surprise me if the Dutch have protested against their exclusion from these gatherings, and that the Germans have felt obliged to invite them.

4 On the substance of our response to the Japanese, I have consulted my Secretary of State and the Minister for Trade, and the following reflects their views. Your point about the dangers of extending the G7 and Economic Summit machinery is well taken. DTI Ministers believe, however, that it should be possible to avoid this risk while finding a face saving solution for Mr Tamura who has invested his personal prestige, within the Japanese Government, in this initiative and whom my Secretary of State will of course be meeting in Japan in the middle of March, just a few days before the Konstanz meeting. In this



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context the Minister for Trade has commented that it would be unwise for the UK to be seen as taking any sort of lead in frustrating the Japanese proposal. If others, for example the United States or the Commission, want to put in the boot we would not shed many tears: but we should not take on this task ourselves.

5 Against this background DTI Ministers believe that we should say to the Japanese that we are happy to go along with their proposal for Konstanz, although any gathering limited to G7 Trade Ministers plus the Commission would have to be kept very informal. (Lorenz Schomerus has told me that he is thinking of a late evening drink at which these 8 Ministers will just happen to get together - although we can leave the mechanics to the Germans and the Japanese.) In the view of DTI Ministers, we should go on to say to the Japanese that we see some difficulty about the proposal for a similar meeting in the margins of the OECD Ministerial, since it would risk being seen as an extension of the Economic Summit machinery. In the best Japanese style we would not in terms say either yes or no to their proposal for a meeting in the margins of the OECD Ministerial, but rather point to the difficulties and avoid giving any commitment to take part. The Japanese will get the message, and it will save the embarrassment of an outright refusal.

6 DTI Ministers hope that the UK Sherpa team will be able to follow this approach if the issue comes up at your meeting in Canada this week-end. Although I have promised to give a reply to the Japanese Embassy in London before long, I do not propose to do so until next week, after I know the outcome of any discussion among the Sherpas. Perhaps you would let me know on your return what was said on this subject.

7 I am sending copies of this letter to Nigel Wicks (10 Downing Street) and Geoffrey Littler (Treasury).

*Yours ever
Christopher.*

C W ROBERTS



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Dear Rodric,

JAPANESE PROPOSAL FOR AN INFORMAL MEETING OF TRADE MINISTERS

Two additions to my letter to you of earlier today. *with NLW?*

2 As I mentioned to you on the telephone, my Italian opposite number (Sardi) telephoned to say that, as far as he was able to discover, the latest Japanese proposal had not been put to the Italian Government. He had, however, spoken to his Minister (Ruggiero). The Italians were opposed to any extension of the Economic Summit arrangements, but would see no difficulty in an informal gathering in the margins of the Konstanz meeting.

3 I had lunch today with Jim Taylor, the Economic Minister at the Canadian High Commission. He told me that the Canadian Prime Minister was (as we knew) firmly opposed to any meeting of Trade Ministers linked in time or location to the Economic Summit. However, the Canadians had independently reached much the same conclusion as DTI Ministers, namely that an informal discussion between G7 Trade Ministers and the Commission in the margins of Konstanz would be a convenient way to save the face of the MITI Minister with no risk to the existing arrangements for Economic Summits.

4 It may be therefore that a consensus can be built around the approach set out in my earlier letter.

5 I am sending copies of this letter to Nigel Wicks (10 Downing Street) and Geoffrey Littler (Treasury).

Yours ever
Christopher.