

AIDE MEMOIRE FOR CONVERSATION WITH SYLVIA OSTRY

Telephoning about your letter of 7 April about 'ancilliary Summit initiatives' which we might propose for the Toronto Summit and about your letter which asked for subjects for the pre-dinner informal discussion.

I can't be very specific. I have discussed this with the Prime Minister, Foreign Secretary and the Chancellor, but views are not settled here regarding any ancilliary issues which we might raise and subjects for the informal discussion. But it might be helpful if I let you have an idea of our current thinking over the telephone.

GATT

The Prime Minister believes that the Summit is a good opportunity to press for an improvement in the effectiveness of GATT. She regards GATT's reaction to <sup>unfair</sup> ~~informal~~ trading practices as being much too slow. The Prime Minister recognises, of course, that all this is central to the current discussions in Geneva. And she believes that the Summit provides a good occasion to give this discussion a vigorous push in the right direction. One of her particular concerns about the operations of the GATT is that compensation payments for those that break the rules were not penal. She wonders whether the Summit might press for the introduction of genuine penalties under the GATT rules.

Agriculture

There is a view here too that agriculture will be an important dimension in the trade discussion at the Summit. And we will certainly want to give that a good push too.

Terrorism and Hijacking

Recent events suggest to us that the Bonn Declaration is not working as well as it should. The Summit will be an important occasion for carrying forward work on terrorism and hijacking.

Eastern Europe

There is a feeling here that the situation, economic and political, in Eastern Europe could develop in perilous ways. The Prime Minister is likely to want an opportunity to discuss that at some stage during the Summit.

Health and Welfare Policies

Possible topic for the informal discussion might be something in the field of health and welfare. We have just implemented a major social security reform and are in the process of reviewing our health service. There is a lot of attention here on the general issue of health care in the 90s. Discussion might cover issues such as the cost of financing health care and form part of the wider discussion likely to be sought by the US, and the effects of changing demography on welfare policies and on economics generally. Such a discussion could touch on the costs of social security and the economic effects of the age of retirement. The Prime Minister recalls that she tried to secure such a discussion at the London Summit, but the other participants were not that keen.

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