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*From the Principal Private Secretary*

12 May 1988

**TORONTO ECONOMIC SUMMIT: GATT ASPECTS**

You telephoned today about the Prime Minister's views on the possible discussion at the Summit of GATT matters. Rather than send you the correspondence, which deals with other matters besides GATT, I think it easier for me to write separately with the Prime Minister's first thoughts on this issue. I stress that they are first thoughts since she will certainly want to have the benefit of departmental advice as the Summit approaches.

The Prime Minister recognises that the effectiveness of GATT is one of the central issues in the current discussions in Geneva. But she believes that the Summit provides a good occasion to give this subject a vigorous push in the right direction. One of her particular concerns about the operation of GATT, which has arisen in part from her consideration of her briefing for Mr. Takeshita's visit, is that compensation payments for those who break GATT rules are not sufficiently penal. Another concern is the slow reaction of GATT to unfair trading practices.

As I say, the Prime Minister's views on these issues are by no means formed, but she does see the Summit as an opportunity for pressing the discussion forward on these and other suitable GATT issues.

I am sending a copy of this letter to Sir Geoffrey Littler (H.M. Treasury) and to Rodric Braithwaite (Foreign and Commonwealth Office).

(N.L. WICKS)

Christopher Roberts, Esq., C.B.,  
Department of Trade and Industry.

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