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FM FCO
TO IMMEDIATE MANILA
TELNO 192
OF 261615Z MAY 88

FOLLOWING FOR PRIVATE SECRETARY TO THE FOREIGN SECRETARY

MIPTS: TORONTO ECONOMIC SUMMIT: COMMUNIQUE LANGUAGE: AGRICULTURE
1. UK TEXT ON AGRICULTURE IS AS FOLLOWS:

AS EVIDENCED BY OUR MEETINGS IN TOKYO AND VENICE, AGRICULTURAL POLICY REFORM REMAINS A PRIORITY FOR OUR GOVERNMENTS. WE NOTE WITH SATISFACTION THAT IMPORTANT FIRST STEPS HAVE BEEN TAKEN TO BRING SUPPLY INTO BETTER BALANCE AND TO RESTRAIN THE RISING COSTS OF AGRICULTURAL SUPPORT TO TAXPAYERS AND CONSUMERS. WE RECOGNISE, HOWEVER, THAT FAR MORE NEEDS TO BE DONE TO ACHIEVE OUR LONG-TERM OBJECTIVE OF LIBERALISING AGRICULTURAL MARKETS THROUGH PROGRESSIVE AND SUSTAINED REDUCTIONS IN SUPPORT AND PROTECTION. THIS WILL ENABLE THE MORE EFFICIENT AND RATIONAL ALLOCATION OF RESOURCES WITHIN OUR ECONOMIES, AND WORLDWIDE, WHILE FACILITATING THE DEVELOPMENT OF A VIABLE AND DYNAMIC AGRICULTURAL SECTOR IN BOTH DEVELOPED AND DEVELOPING COUNTRIES. WE FURTHER RECOGNISE, THEREFORE, THE URGENT NEED FOR EARLY ACTION ON A CONCERTED, MULTILATERAL BASIS, CONSISTENT WITH OUR LONG-TERM GOALS, TO PREVENT THE DETERIORATION OF MARKET IMBALANCES, THE CONTINUATION OF SELF DEFEATING EXPORT SUBSIDY COMPETITION, AND ANY INCREASE IN THE ISOLATION OF OUR MARKETS.

AT VENICE WE NOTED THE IMPORTANCE OF THE AGRICULTURAL NEGOTIATIONS IN THE URUGUAY ROUND, AND MADE A CLEAR COMMITMENT TO TABLE COMPREHENSIVE PROPOSALS. CONSIDERABLE PROGRESS HAS BEEN MADE. RECOGNISING THAT AGRICULTURE IS A KEY ELEMENT IN THE SUCCESS OF THE ROUND AS A WHOLE, WE ENDORSE THE VIEW OF THE OECD MINISTERIAL COMMUNIQUE OF 19 MAY 1988 THAT IT IS IMPORTANT THAT THE MID TERM REVIEW ADD IMPETUS TO THE NEGOTIATING PROCESS. WE GIVE OUR FULL BACKING TO THE OECD COMMITMENT TO SEEK TO AGREE A FRAMEWORK APPROACH AT THE MTR, INCLUDING LONG AND SHORT-TERM ELEMENTS.

WE COMMIT OURSELVES TO SEEKING RESULTS OF THE MTR ON THIS BASIS, ENDORSING THE PRINCIPLE OF SUBSTANTIAL LONG-TERM REDUCTIONS IN SUPPORT AND PROTECTION: AND IN THE MEANTIME AGREE TO IMPLEMENT

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PRACTICE MEASURES TO BUILD ON REFORMS ALREADY IN PLACE SO AS TO
MOVE THE PROCESS OF LONG-TERM MARKET-ORIENTATED REFORM FORWARD
AND TO PROMOTE A SUCCESSFUL CONCLUSION TO THE ROUND.

HOWE

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FOLLOWING FOR PRIVATE SECRETARY TO THE FOREIGN SECRETARY

MIPT: TORONTO ECONOMIC SUMMIT: COMMUNIQUE LANGUAGE: TRADE
1. THE TEXT ON TRADE IS AS FOLLOWS:

WE REAFFIRM OUR COMMITMENT TO MAINTAINING AND EXTENDING THE OPEN WORLD TRADING SYSTEM, INCLUDING THE MULTILATERAL REDUCTION OF TRADE BARRIERS, AS AN ESSENTIAL FOUNDATION FOR WORLD ECONOMIC GROWTH AND AS A DEFENCE AGAINST PROTECTIONISM. SUSTAINED PROGRESS IN THE URUGUAY ROUND LEADING TO A FULL AND COMPREHENSIVE OUTCOME OF BENEFIT TO BOTH DEVELOPED AND DEVELOPING COUNTRIES IS THEREFORE OF PARAMOUNT IMPORTANCE. FOR THIS TO BE ACHIEVED ALL CONTRACTING PARTIES MUST BE READY TO MAKE THE FULLEST CONTRIBUTION TO THE NEGOTIATIONS AND BE PREPARED TO ACCEPT LEVELS OF OBLIGATION CONSISTENT WITH THEIR DEGREE OF ECONOMIC DEVELOPMENT.

WE RECOGNISE THAT THE MID TERM MEETING TO BE HELD IN MONTREAL IN DECEMBER OFFERS A VALUABLE OPPORTUNITY TO DEMONSTRATE THAT SUBSTANTIVE PROGRESS CAN BE MADE IN ALL AREAS OF THE ROUND INCLUDING THOSE TO WHICH WE GAVE SPECIAL EMPHASIS AT OUR PREVIOUS MEETING IN TOKYO, NAMELY TRADE IN SERVICES, INTELLECTUAL PROPERTY RIGHTS AND FOREIGN DIRECT INVESTMENT. IN THESE AREAS, AS WELL AS OTHERS, THE ESTABLISHMENT AT AN EARLY DATE OF AN AGREED NEGOTIATING FRAMEWORK WOULD REPRESENT A SIGNIFICANT STEP TOWARDS A SUCCESSFUL CONCLUSION.

WE ALSO SHARE THE HOPE THAT AS FULL USE AS POSSIBLE WILL BE MADE AT THE MID TERM MEETING OF THE PROVISION IN THE PUNTA DEL ESTE DECLARATION PERMITTING THE IMPLEMENTATION OF AGREEMENTS REACHED AT AN EARLY STAGE IN THE NEGOTIATIONS. IN THIS CONTEXT, A HIGH PRIORITY MUST BE THE STRENGTHENING OF GATT ITSELF. WE ARE DETERMINED TO WORK FOR THE EARLIEST POSSIBLE AGREEMENT ON WAYS OF REINFORCING THE GATT PROCESS, THROUGH GREATER INVOLVEMENT OF MINISTERS, INTENSIFICATION OF SURVEILLANCE OF TRADE POLICIES AND GREATER EFFECTIVENESS OF DISPUTE SETTLEMENT PROCEDURES TO THAT DISAGREEMENTS CAN BE RESOLVED SPEEDILY, CONCLUSIVELY AND FAIRLY.

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WE AFFIRM THAT THE COUNTRIES PARTICIPATING IN THIS MEETING WILL
BE GUIDED BY THESE OBJECTIVES IN MAKING THEIR CONTRIBUTIONS TO
THE PREPARATION FOR MONTREAL .

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FOLLOWING FOR PRIVATE SECRETARY TO THE FOREIGN SECRETARY

TORONTO ECONOMIC SUMMIT: COMMUNIQUE LANGUAGE

1. THE SECRETARY OF STATE SAW AND APPROVED UK DRAFT COMMUNIQUE LANGUAGE ON DEBT AND DRUGS BEFORE HE LEFT FOR MANILA.

2. MY TWO IFTS CONTAIN UK DRAFT COMMUNIQUE LANGUAGE ON TRADE AND ON AGRICULTURE RESPECTIVELY. LORD YOUNG HAS APPROVED THE TRADE DRAFT AND THE ONE ON AGRICULTURE WILL BE SUBMITTED TO MR MACGREGOR TONIGHT (26 MAY). BOTH TEXTS WILL BE SHOWN TO THE CHANCELLOR OVER THE WEEKEND. THERE MAY, THEREFORE, BE MINOR CHANGES TO THE DRAFTS EARLY NEXT WEEK, BUT WE EXPECT THEM TO FOLLOW THE TEXTS IN MIFTS FAIRLY CLOSELY.

3. GRATEFUL FOR ANY COMMENTS THE SECRETARY OF STATE MAY HAVE ON THE DRAFTS IN MIFTS. (DRAFT ON TERRORISM FOLLOWS SEPARATELY). AS HE KNOWS, WICKS WILL BE PUTTING THESE TEXTS TO THE PRIME MINISTER ON 1 JUNE.

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