

PRIME MINISTER

MEETING OF SUMMIT SHERPAS

Last weekend's Sherpa meeting had a first discussion of:

- the form of the Summit agenda;
- the Summit's relation with the celebrations for the Bicentenary of the French Revolution;
- the location for the Summit meetings; and
- possible themes for the agenda.

Form of the Summit agenda

The French's first shot at an agenda is attached. It is modelled on the Toronto Summits which everyone thought had worked well. One difference is that the Summit would not conclude until the evening of the third day (Sunday), after the President had given his formal dinner for Leaders and delegations. This timing of this dinner on the last night, is the French argue, the usual practice - the comparable occasion in Toronto, the Governor General's lunch on the last day, was an exception.

I believe the agenda attached is acceptable for planning purposes. Agree?

Relationship with the Bicentennial

The French Sherpa, Attali, was adamant that the Bicentenary celebrations and the Summit business will be quite separate. Other heads of government will not be involved in any way with the Summit, though some will be in Paris at the same time for the Bicentenary celebrations. The President will have no Bicentenary engagements during the three days of the Summit.

The Summit will begin on the afternoon of Friday 14 July. The leaders will be invited to the opening of the new Opera House at the Place de la Bastille on the evening of the 13th and to the traditional military parade, which will have particular importance in 1989, on the morning of 14 July. It will be entirely up to Leaders to decide whether to attend these events. You can decide nearer the time.

Summit location

The main business of the Summit will be held in the roof of La Grande Arche building in the La Défense complex at the opposite end of the Champs Elysées to the Arc de Triomphe. La Grande Arche is still under construction but it will be a handsome building. The Leaders' restricted meetings and their dinner on the second evening will take place at the Pyramide du Louvre - ten minutes away at the other end of the Champs Elysée. Dinner for the heads on the first night will be held at the Hotel de La Marine, Place de la Concorde. The draft agenda attached gives details of locations for Foreign and Finance Ministers. All this looks quite acceptable.

Possible Summit Themes

There was general agreement that the underlying business for the Summit will be to link the new US Administration to the policies endorsed at Toronto. There was ready acceptance of my suggestion that the Summit should examine the progress achieved in the last year in implementing the "second cycle" economic policies and consider how to carry them forward. There was some confidence that the world economy would produce reasonable non-inflationary growth next year and that the risks of recession and higher inflation were not high. But obviously a lot could change between now and next July.

Discussion of trade and agriculture, in the light of the outcome of the Montreal Mid Term Meeting, will bound to be to the fore. The French seemed determined to highlight developing country issues. The Japanese have already floated a vague

3 scheme for helping middle income debtors. Attali gave us some details of President Mitterrand's proposal, launched in his UNGA speech, to create a trust fund in the IMF financed by a special issue of SDRs to help middle income debtors retire debt. The Germans, ourselves and a Bush Administration, but less certainly a Dukakis Administration, are certain to find this approach unacceptable. We will need to find ways of heading it off.

There is a general expectation that the leaders will want to discuss the problems of the global environment. Your Royal Society speech had been widely noted. We will need to see that such a discussion is properly prepared and I will consider with departments concerned how this might be done before the next Sherpa meeting.

On the political side, there will be the perennial topics especially on East/West issues widely defined. My Sherpa colleagues showed particular interest in a discussion of East/West economic relations, including the USSR's relations with the Community and perhaps the USSR's possible membership of the IMF. The French are hosting a conference in January on chemical weapons which they may want the Summit to follow up. There is a readiness to discuss terrorism and drugs, though the French still refuse to have anything to do with the Drugs Working Party referred to in the Toronto communique.

Attali hankers after the Summit issuing only an economic communiqué - an echo of the old French view that the Summit business should be confined to economic matters. But the French will, I am sure, be persuaded to have a political declaration if there is general agreement that one is necessary.

Future Sherpa Meetings

The Sherpas agreed to plan for three preparatory meetings with an extra one held in reserve in case it is needed. I would not be frank if I did not say that I fear my colleagues will decide that this extra meeting is necessary.

I am sending a copy of this minute to the Private Secretaries to the Foreign Secretary and the Chancellor of the Exchequer and to Sir Robin Butler.

I think it will be unwise to get involved in other work - it will look as if we are going more for ceremonial than discussion
not

N.L.W.

N.L. WICKS

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