



Mr Powell

From: N P Bayne

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PARIS ECONOMIC SUMMIT

1. Mr Wicks and I attended a meeting over the weekend of Sherpas to prepare the Paris Economic Summit to be held on 14-16 July. The most sensitive issue which came up was the length between the Summit and the Bicentennial celebrations immediately preceding it, on 13-14 July. -15-16
2. M Attali, the French Sherpa, said categorically that the Economic Summit would begin at 3 pm on 14 July and no outsiders would be admitted. However, up to 15 hand-picked Heads of Government from developing countries would be at the Bicentennial celebrations; probably Rajiv Gandhi, Corazon Aquino, Benazir Bhutto, and others - names not given - from Africa and Latin America. There would be opportunities for Heads of Government from developed and developing countries to talk to one another but there would be no organised meeting between them; and no statements would be issued.
3. Even so, the implication was that President Mitterrand might try to make some use of the Bicentennial, either to exert influence for the developing countries on the Summit that would follow it, or to open the way for a later Summit meeting, involving both the G7 Heads of Government and leaders from developing countries. M Attali said several times that President Mitterrand would inform, rather than consult his guests about his plans.
4. President Mitterrand's intentions may well be revealed more clearly at later Sherpa meetings. If necessary, we can consult the other G7 countries, notably the Americans, so that together we can resist being bounced into anything.
5. The Sherpas' discussions on the substance of the Summit were preliminary and contained no surprises. On economic policy, the main concern was with inflation and with correcting US, German and Japanese payments imbalances. The main discussion on trade was left over until we know whether the Uruguay Round has been successfully re-launched. But it was accepted as a major topic for the Summit; and Mr Wicks and I also spoke up for agriculture. Middle income debt was discussed at length, but without clear conclusions at this stage.



6. On the environment, Mr Wicks offered to circulate a paper on the economics of environmental protection and this was welcomed. M Attali refused to say anything about the French-inspired conference at The Hague. President Mitterrand's initiative on the financial markets proved to include both the laundering of drugs money and insider trading; the other Sherpas agreed to pursue it further, at a technical level. We supported the French over flood control in Bangladesh, following the Prime Minister's meeting with President Ershad, while stressing, as others, that the World Bank must be involved.

7. Mr Wicks will be sending his own note of the meeting to the Prime Minister when she is back in London.

N P Bayne