



Foreign and Commonwealth Office

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9 June 1988

N Wicks Esq
No 10 Downing Street
LONDON SW1

Dear Nigel,

Thank you for your letter of 7 June. I have only a few
comments on your Speaking Note, mostly on agriculture. They
/ are attached below.

Yours ever,

Rodric

R Q Braithwaite

cc Sir Geoffrey Littler KCB
HM Treasury



Paragraph 3: We are checking whether any other Summiteer was present in 1982 in one capacity or other.

Paragraph 4: I like the first line! You might consider adding "especially in Europe" after the reference to unemployment.

Paragraph 9: Subject to Geoffrey Littler's views, I think we might bring out the point that structural reform policies are not just matters of national concern: there is likely to be OECD surveillance of them, and this is good because it means, for example, that we and others shall have a chance to comment on, and encourage, German structural reform policies. I leave you to judge what to add.

Paragraph 13: Line 6 on p 5 should read "trade in services". The French will of course oppose early results, and we need to marshal all the arguments we can in their favour. You rightly mention the strengthening of GATT, but might consider expanding the first complete sentence on page 6 to read:

Q "We should not hold up action on any issue until agreement is reached on all issues. For example, tropical products are a high priority for the developing countries for whom there is unlikely to be much else on the table at Montreal. If we can by then agree on other issues too, so much the better. Above all, the strengthening of GATT .."

Paragraph 16: I think we could bang the EC drum a bit harder, and suggest the following expanded text:

R "In February the European Community took some important first steps to reform agricultural policy. We now have:

- a legally binding ceiling which will cut the growth of agricultural spending to less than 2% a year in real terms, from around 10% in recent years,

- and automatic stabilisers for each individual commodity which will cut support levels if production exceeds pre-set levels, and thus discourage surplus production.

If production continues on current trends, the stabilisers will save some \$4 billion in the three years 1988/90. In cereals alone, if production continues to rise, support levels will fall by 15% over the next four years. For oilseeds, where we already have a stabiliser in place, the new measures should save a further \$1 billion by 1990.

That agreement was a real achievement for the Community and for the world."

~~But for the world.~~
KS R



is in the

Paragraph 17: I suggest that the second sentence might read:

S "But I ~~certainly agree that~~ far more needs to be done by all of us to achieve our agreed [OECD Communique] long term objective of reducing agricultural support and protection, while maintaining, at the same time, a dynamic and viable agricultural sector." S

Paragraph 18: I suggest the following revision to replace everything except the first sentence:

TT "So far there has been a dialogue of the deaf between our officials. I believe it is for us here to re-inject the sense of political urgency which we so successfully invoked at our Summits in Tokyo and Venice. We need - as the OECD recently agreed - a device to measure progress in reducing levels of assistance, and an overall framework to govern our actions for the future. We need a clear link between short term measures and the achievement of our long term goal of liberalising agricultural markets. We should not try to negotiate the details now. But we should commit ourselves, here and now, to make concrete progress towards agreement on these matters at the Mid-Term Meeting in Montreal in December." ✓

Paragraph 19: I would add "and African debt" after "developing countries", to put down a firm marker.

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