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WITHDRAWAL SHEET

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Collect	tion Name	WHITE HOUSE OFFICE OF RECORDS MANAGEM (WHORM): SUBJECT FILE	MENT	Withd DLB	r awer 10/31/2019
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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
243447	MEMO	INMAN TO THE VICE PRESIDENT, RE: STRATEGY FOR THE OTTAWA	2	4/14/1981	B1

The above documents were not referred for declassification review at time of processing Freedom of Information Act - [5 U.S.C. 552(b)]

ECONOMIC SUMMIT

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

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THE WHITE HOUSE

WASHINGTON

April 14, 1981

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MEMORANDUM FOR: Craig Fuller

FROM: Ed Gray

SUBJECT: Ottawa Summit Paper

Martin Anderson has relayed to you his comments re attached.

Please note additional recommended changes from the Office of Policy Development on this attachment.

	WASHINGTON TO: Croig Fuller
	April 13, 1981 APR 1 4 1981
MEMORANDUM FOR	MARTIN C. ANDERSON AND EDWIN J. GRAY
FROM:	ROGER B. PORTER
SUBJECT:	U.S. Strategy Paper for Ottawa Economic Summit

The April 9 strategy paper for the Ottawa Economic Summit is a substantial improvement over earlier drafts. It is somewhat shorter and emphasizes economic rather than political issues. Moreover, it is consistent with the notion that we want the Summit to concentrate on general discussions of broad issues rather than emphasizing or seeking to negotiate specific agreements.

My specific textual suggestions are found on the draft paper. The largely involve eliminating unnecessary detail and tightening the paper up even further.

Attachment

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THE VICE PRESIDENT

WASHINGTON

Authority NSC/State Warvers By Mara Date 10/31/2019

1.

MEMORANDUM FOR THE SECRETARY OF STATE SECRETARY OF THE TREASURY SECRETARY OF DEFENSE SECRETARY OF AGRICULTURE SECRETARY OF COMMERCE SECRETARY OF ENERGY U.S. TRADE REPRESENTATIVE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT:

U.S. Strategy Paper for the Ottawa Economic Summit

I believe it would be useful to have an overall "game plan" for the Ottawa Summit which would define our broad goals and ensure that our preparations are consistent with these goals. Accordingly, I have asked that a short strategy paper be written. It is attached.

This paper emphasizes keeping the Summit quite general with discussion of the world situation as a backdrop to the focus on the economic topics. It sets broad objectives of establishing the President's international leadership position and increasing the understanding of the allies of our new domestic and foreign policies. It also emphasizes goals of developing consensus among the Summit partners on some important issues without excessively detailed discussion or commitment to specific policy initiatives at this point. The paper does offer, however, a range or "menu" of possible areas in which we might want to pursue one or two specific agreements at the Summit as a tangible demonstration of progress on the issues and of allied solidarity.

In order to have a coordinated strategy for our approach to the Summit, the other Summit papers we are developing, and the next international preparatory meeting in Paris April 22, we need to move expeditiously on this paper. I would appreciate any thoughts or suggestions you may have and your concurrence

> CLASSIFIED BY NANCY BEARG DYKE REVIEW ON APRIL 9, 1987

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on the approach, if you agree, by April 13. In particular, I would like to know what specific issues you think we might want to address or that we should attempt to avoid. Then we can meet later to narrow the list of specific issues considerably to those areas in which we would most like to achieve a specific result and which are promising in terms of allied consensus. My Assistant for National Security Affairs, Nancy Bearg Dyke (telephone 395-4213), is my point of contact if your staff has any questions. Thank you for your assistance.

George Bush

Counsellor to the President cc: Chief of Staff to the President Assistant to the President for National Security Affairs Chairman, Council of Economic Advisors Deputy Assistant to the President (Richard Darman)

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Strategy Paper for Ottawa Economic Summit

Back Barris Bullewers This paper sets out U.S. objectives, strategy and preferred outcomes at the Ottawa Economic Summit, July 19-21, 1981. In brief, the United States is going to the Ottawa Summit to reinforce America's role as a partner and leader of the industrial democracies, to present broad U.S. views and policies toward the major economic and political challenges of today, and to strengthen the allied consensus on how to meet these challenges. We want the Summit to be kept quite general, with time to discuss the world situation as a backdrop but with emphasis on the economic topics.

Background

Past Summits have established certain procedures and expectations which will no doubt affect the Ottawa Summit (see Tab A for a summary and evaluation of past Summits and Tab B for a review of how the United States has prepared for previous Summits). The meetings have usually begun with a dinner on the first evening for the heads of government only (a separate dinner is held for the Foreign Ministers). The Venice meeting then continued with a morning session on economic issues (Economic and Foreign Ministers present), a luncheon including Foreign Ministers, and an afternoon session on political issues with Foreign Ministers only. The dinner on the second evening also included Foreign Ministers. At Ottawa, these initial events will take place at the Chateau Montebello, a resort 44 miles from Ottawa on a secluded stretch of the Ottawa River. On the morning of the second day, the leaders return to Ottawa for a session in the Parliament Buildings, a State luncheon, a further afternoon session if required, and a final joint press conference.

General Objectives

The primary U.S. objectives at the Summit include:

- 1. Reinforce President Reagan's credentials as a strong partner and leader of the industrial democracies.
- 2. Increase understanding of and cooperation with basic U.S. policies to achieve world peace, and security but with the emphasis on the economic situation and economic progress.
- 3. Develop common understanding among the allies on some important issues of immediate and long-term concern and agree on common approaches for dealing with some of the issues.

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- 4. Avoid commitments to policies or actions that have not been carefully studied.
- 5. Achieve common understanding on the future of Summits. The President may wish to continue summits.

Discussions

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The format for the Ottawa Summit has not yet been firmly established. The best format, and the one we have assumed for the purposes of this paper, might be:

- -- Initial dinner Sunday and part of Monday morning, if necessary, for relatively unstructured political discussion
- -- Remainder of Monday for agenda items
- -- Monday dinner for unstructured discussion
- -- Tuesday morning for continuation of agenda items and agreement on short general communique.

At the initial dinner for heads of government, President Reagan will have an opportunity to outline his broad views of the present world scene. This session, and perhaps a continuing discussion on the morning of the next day, offer the best occasion for the President to demonstrate his broad grasp of the issues and to establish the overall political/economic context in which he and the other leaders will consider the more specific agenda items of the meeting. At this dinner, the President should:

- -- reaffirm the world role of the industrial allies in advancing democratic principles and world economic progress;
- -- describe matter-of-factly the challenge posed by the enhancement and projection of Soviet power;
- -- explain generally the U.S. response to this challenge, beginning with decisive actions at home to revive our domestic economy and to restore our military defenses, targeted bilateral and regional approaches, and -- from this footing -- a balanced approach to global relations with the Soviet Union;
- -- identify in this broad context the more specific agenda items for consultation and cooperation among the industrial allies:
 - 1) building of trust and confidence among the allies in East-West economic relations
 - 2) strengthening Western economic performance

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- 3) preserving and enhancing open international markets
- 4) improving energy security, including protection against the disruption of oil supplies and radical, destructive price increases, and
- 5) concerting constructive and realistic policies toward developing countries; and finally
- -- inspire the allies to renew their common bonds to one another and to face the world confidently and collectively (such as the President did in his speech to the Parliament in Ottawa).

After this opening exchange on the broad political/ economic context of relations among the industrial allies, the meeting will move to more specific agenda items. The specific agenda items we support are:

- -- East-West trade
- -- Macro-economic issues
- -- North-South
- -- Energy

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- -- Monetary issues
- -- Monetary aspects of trade
- -- Trade

The President would address himself primarily to:

- -- his U.S. economic program and the interaction between it and other economies
- -- East-West trade

In this discussion, the President should seek to achieve meaningful progress or outcomes on items that have been carefully prepared before the meeting and that follow organically from the consensus established among the leaders in the broad exchange on major political/economic challenges (a consensus which will also have emerged to a large extent in the preceding preparatory meetings). The requirement is to enable the Summit process to produce important initiatives when this is justified by the broad deliberations on major issues but not to force specific achievements or to divert the Summit discussion from high-level exchanges to technical minutia.

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On the more specific agenda items (assuming our agenda as identified above is a close approximation of the actual agenda), the President should seek to:

- -- develop understanding of the U.S. domestic economic program, its attack on fundamental problems, and its impact on other industrial and developing countries;
- -- deflect potential conflicts on short-term issues such as interest and exchange rates or automobile, petrochemical, steel and other trade issues (we will need to give further thought as to how to do this if such issues arise);
- -- achieve progress on common approaches to one or more of the key international economic agenda items, including general agreement on the approach of the major allies to the North-south Summit.

Specifics

-4-

Listed below is a menu of objectives and specific initiatives from which the U.S. Government should pick one or two:

1) a common commitment and perhaps new initiatives, if appropriate, to renew forward movement on international trade, investment and monetary issues (e.g., perhaps a Wise Men Commission or new GATT Committee for trade)

2) a shared appreciation of the pluses and minuses of economic relations with the Soviet Union and Eastern Europe, and agreement on a greater degree of commonality in approach to these relations, especially given longer-term alliance efforts to improve Western security and Soviet actions in Afghanistan, Africa and possibly Poland. This might lead to various specific results:

a) a mandate to enhance strategic controls and to strengthen COCOM

b) an agreement to establish continuing discussions (and perhaps a mechanism) on economic security or the degrees of dependence and vulnerability in economic relations with the East (where projects like the gas pipeline might be discussed)

c) a commitment to rationalize and reduce export credits and other subsidies on trade with the Soviet Union

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d) enhancement of contingency planning and common understanding of the value and limits of foreign policy uses of economic measures to symbolize Western disapproval of Soviet acts or to achieve a real economic impact in the Soviet Union.

3) a common conclusion that, as demonstrasted in the Iran-Iraq crisis, high oil stocks are an important defense against disruptive oil supply and price changes (which could severely undermine once again economic prospects in the West) and that removing impediments to production, use and trade of coal and nuclear materials should receive priority attention, plus such specifics as:

> a) agreement on a consept for dealing with country oil imbalances in a crisis, through negotiation and implementation in the International Energy Agency

b) agreement on more predictable procedures for trade in nuclear materials and technology

 c) international discussions to develop and share expertise on nuclear health and safety practices, nuclear accidents, and waste
management policies

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4) an agreement on principles and procedures **to concert** the positions of the major allies on the sequence, agenda and strategy of global discussions with the developing countries, especially for application at the October North-South Summit in Mexico, but also for any other discussion that may be scheduled in the future (such as the UN Global Negotiations), possibly reinforced by:

a) a difective to strengthen Group B caucus procedures in the OECD, perhaps by having the Summit countries act as a leadership Burgau within OECD.

Strategy

U.S. strategy for the Economic Summit should establish some priority among the general and more specific objectives outlined above. It has not been decided yet which of these objectives we should really push, which we should be ready to revise, or which we should be willing to drop. Moreover, there are additional objectives that may be identified in the course of our internal preparations and our preparatory discussions with the allies.

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What is clear at this point is that the United States seeks to promote through the Summit process broad consensus and confidence among the allies on the key problems the industrial democracies face and, to the extent possible within this broad consensus, to achieve progress on common approaches to these problems. Hence top priority should go to enhancing allied understanding and acceptance of U.S. policies to strengthen Western security and to revive Western economic growth.

Second-order priority should go to obtaining <u>allied</u> <u>cooperation</u> on more specific international economic issues and initiatives.

The United States should eliminate three issues that were put on the tentative agenda by the previous Administration. These are: Global 2000, Illicit Payments, and Terrorism. These subjects may come up as subsets of other agenda items, but should not be separate items.

What the eventual agenda will look like depends importantly on what the other countries seek no less than on what we seek (see Tab C for list of papers currently being prepared for the Summit). At the last preparatory meeting in London in February, the U.S. encountered greatest skepticism on the East-West issue, although Britain and France (surprisingly) come closest to the U.S. on this issue. The French expressed concern about energy and macro-economic issues, as did Germany about interest and exchange rate policies. The European Community stressed trade issues and openly attacked the Japanese on automobile exports. The Canadians, Germans and Japanese emphasized aid to developing countries and commitments to the multilateral financial institutions and a World Bank energy affiliate. Canada as host country gave particular attention to developing country issues, and, under Trudeau, is clearly seeking to build up its credentials as an interlocutor with the developing countries.

To achieve its objectives at the Summit, the United States will have to work closely with key countries in each issue area and to put forward incentives in other areas to win the cooperation of these countries:

In the area of East-West relations, the U.S. 1. should work with France, Britain and ultimately Germany to determine the degree of consensus that can be reached. Germany is likely to be the most difficult partner to convince on this issue, but the prospect of its agreement is enhanced if Britain and France are supportive. To persuade its allies on this controversial issue, the United States will have to be explicit on what it seeks in the economic area (because the allies assume we seek a presumption of denial) rather than collective managementers trade) and will need to develop carefully the political/security rationale for these measures. In addition, the United States will have to be forthcoming in its role as a sapable and reliable supplier of alternative energy and economic resources: CONFIDENTIAL

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-- credible defender of Middle East oil supplies

- -- credible and reliable supplier of coal
- -- consistent supporter of nuclear power and credible supplier of nuclear materials and technology
- -- an open market which frees Western Europe of real need to increase its dependence on trade with Communist countries.

2. In the area of international energy cooperation, the United States should work closely with

- -- France, Britain, Germany and Japan on economic assistance and cooperation with friendly countries in the Persian Gulf and Middle East
- -- France and Italy on emergency oil and gas stocks, encouraging the European Community to achieve progress on this issue and thereby enhancing indirect French cooperation with the IEA through the EC
- -- France, Britain and Germany (EURATOM) and Japan, again bilaterally, to achieve progress on nuclear issues important to these countries, including more predictable procedures for nuclear trade, common approaches to reprocessing in these countries, broader cooperation on nuclear safety and waste management, and support for nuclear power as an acceptable medium-term source of energy.

3. In the area of international economics, the United States should work closely with Canada (which has already floated a proposal for a new international initiative in trade) and Germany (the strongest ally on free trade, despite dramatic increases in Japanese exports to the German market) to develop a longer-term ferward-leoking, initiative to maintain and expand liberalization of international trade. Other Summit countries, particularly Britain and Japan, become important partners to ensure better concentration of domestic economic policies to find improved ways to deal with international monetary imbalances, and to remove impediments to international investment. All of these economic areas should be reviewed with special attention to the impact on developing countries.

4. In the area of relations with developing countries, the U.S. should be willing to meet its alles' interest, especially that of Canada, Japan and Germany, in a constructive, approach to discussions with developing

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ULE EMPHASIZE countries. This approach should be based on a strategy to facilitate development in individual countries and regions, especially where the role of the private sector is encouraged. This strategy should emphasize encourage international trade, investment and financial measures (which the Germans stress), as well as official development assistance (which the Canadians and Japanese The U.S. should begin in depth studies to stress). determine how far the Administration can go in meeting developing countries' interests in upcoming trade negotiations. It should also deal with the proposal for a World Bank energy affiliate, which could acquire a symbolism in current North-South relations that the Common Fund acquired six years ago. The U.S. will have to come up with convincing evidence that the affiliate is not needed (to counter World Bank studies that it is needed) or it will have to present sensible alternative means of stimulating investment in energy development.

Outcomes

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Aside from the specific outcomes implied in the discussion of objectives, the United States should seek to achieve:

1. assurance that Summit actions fully utilize and stimulate regular international organizational structures and processes, not substituting for these institutions

2. a short and carefully prepared communique which can be finalized at the Summit without lengthy discussion among the heads of government

3. a tacit consensus on the frequency and shape of future Summits, providing for:

- -- general exchange of views and identification of priority areas and mechanisms for enhanced cooperation;
- -- integrated discussion of political and economic issues;
- -- less emphasis on communique drafting

4. clear and consistent briefings of the press on the purposes and outcomes of the Summit and U.S. policies at the Summit (indicating where our interpretations may vary from the interpretations of others without detracting from common positions).

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ECONOMIC SUMMITS

Issues

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The seventh Economic Summit meeting, to be held in Ottawa July 19-21, completes the first round of these meetings in each of the national capitals and affords an opportunity to evaluate the Summit process and decide whether to terminate these annual meetings or to continue them along recent lines or with changes. Recent Summits have involved explicit negotiations, discussion of political and economic issues, although in separate sessions, and the issuance of lengthy and specific communiques. Changes from this pattern might involve

- reverting to the original idea of Summits as fora for generalized exchanges of views, rather than negotiations
- treating major political/economic issues in an integrated fashion
- issuing short, generalized communiques.

History

Economic summitry was initiated in 1975 at the suggestion of President Giscard, seconded by Chancellor Schmidt, who thought that only concerted efforts at the highest political level could keep the global stagflation precipitated by the 1973-1974 oil shock from unraveling the post-war system of monetary and trade cooperation. The first meeting, at <u>Rambouillet (November 1975)</u> sought to coordinate economic policies among the major industrial nations to ensure recovery. Its primary result was the resolution of differences between the United States and France that were holding up the change from fixed to flexible exchange rates.

The second meeting, in <u>Puerto Rico (June 1976)</u>, focused on measures to fight inflation while achieving sustained and orderly economic expansion. A longer list of economic problems was addressed, but commitments to policies were expressed in very general terms.

The London Summit (May 1977), the first one attended by President Carter, stressed complementary rather than identical policies: emphasis on anti-inflation measures by Britain, France and Italy, but on faster growth by Germany and Japan. President Carter urged more specific policy pronouncements than had been the previous practice, and the communique contained commitments to seek additional resources for the IMF,



to give new impetus to the Multilateral Trade Negotiations, and to enhance the dialogue and flow of resources with developing countries. At London the heads of government designated personal representatives to undertake systematic preparation and follow-up of Summit meetings.

The Bonn Summit (July 1978) saw the first negotiations of an explicit deal: economic stimulus targets for Germany and Japan, abandonment of protectionist positions in the Multilateral Trade Negotiations by Britain, France and Italy, and a U.S. pledge to decontrol domestic crude oil prices by the end of 1980.

The Iranian revolution, which set off a sharp surge in oil prices and alarm about oil supply security, focused the <u>June 1979 Tokyo Summit</u> on energy policy. It adopted specific, national oil import targets (non-binding, indicative ceilings) for 1980 and 1985 and general pledges to increase energy R&D, to promote commercialization of new energy technologies, and to facilitate increased use and trade of coal. Domestic economic policy coordination received only token treatment, in recognition of the overwhelming influence of oil price hikes on inflation and growth prospects.

Venice (July 1980) continued the concentration on energy policy and made more specific commitments to speed conversion from oil to coal and other fuels. The seven set up a highlevel monitoring group to review compliance with Summit energy commitments. In the wake of Afghanistan, Venice was the first Summit to set aside a separate half-day session to discuss political issues.

Evaluation

The Summits have not achieved their original goal of coordinating domestic and foreign economic policies to achieve non-inflationary growth. They did achieve, however, a breakthrough to international monetary reform, an end to the stalemate in the trade negotiations, and an acceleration of adjustment to changes in the world oil market. They have also had a qualitative effect on the atmosphere of high-level political relationships among the major industrial democracies.

Critics of summitry emphasize its limited achievements and its dangers in bypassing or upstaging the regular international processes of economic cooperation: GATT, the OECD, the IMF, conventional diplomacy. The excluded smaller countries resent the elitism of the seven-nation club. Some Europeans claim that the Economic Summit degrades the European Economic Community, but others claim that measures taken to avoid this risk have actually made the Community more effective. Some westerners assert -- without proof -- that pronouncements on global issues by the seven industrial country leaders are regarded as arrogant by the developing

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nations, further dividing the world into blocs. Some fear that domestic pressures will drive leaders in such meetings to go for bold "quick fix" solutions to complex economic problems.

Giscard and Schmidt, the founders and participants in all six summits, remain enthusiastic supporters of the process. They believe summits have been largely constructive, particularly in giving impetus to needed action in the often sluggish regular international organs and in facilitating day-to-day cooperation among the seven heads of government on many issues. Along with Thatcher, they prefer more generalized, informal exchanges, although the French are philosophically predisposed to specific government interventions.



U.S. Preparations for Summits

Tab B

In the Ford Administration there were two economic summits: Rambouillet and Puerto Rico. Preparations for those meetings were done by officials from a number of agencies. The process was overseen at policy level by Secretaries Kissinger and Simon, and Alan Greenspan and Under Secretaries Rogers and Yeo (State and Treasury respectively). Roger Porter and Bob Hormats oversaw the preparation of the papers, edited them to reflect the Cabinet-level discussion, and put them in shape for the President.

Preparations for the London, Bonn, Tokyo and Venice summits were overseen by the President's "Personal Representative" Henry Owen and a small group of people including Under Secretary of State Cooper, Under Secretary of the Treasury Solomon, Hormats, who moved from the NSC to State. Owen met individually with various groups of people to coordinate the preparation of certain papers. Hormats chaired an interagency group charged with the preparation of others. The above-mentioned group then discussed the papers among themselves, sought Cabinet guidance on particularly hot issues, and edited the papers for final presentation to the President.

Under both Administrations the key to success in summit preparations has been that one or two individuals at senior levels have taken the initiative to generate ideas for the President and ensure proper coordination among various agencies. Among the agencies State has played the leadership role, coordinating closely with Treasury, DOE, CEA and USTR. It has also been important that there be meetings among the interested agencies relatively frequently in the process to explore new ideas for the President and to move them up the ladder so that Cabinetlevel people can sort out those that are most promising from those that are least promising in order to focus political attention on the former.

In many cases important international initiatives have been possible through the summit preparatory process simply because that process is able to break bureaucratic inertia. The fact that the President is participating in the summit meeting moves things along more rapidly than they would otherwise move. By the same token, we are able to move other governments to break political inertia in their capitals in order to do things which we find in the interest of stronger Western ties and a more constructive Authority NSC State Wavers CONFIDENTIAL W dr MARADATELD [31]2019 international environment.

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Summits in the past have been useful in (a) stiffening the resistance of Europeans to protectionist pressures, (b) generating greater efforts to reduce dependence on OPEC (other countries have pressed the US hard on decontrol of oil, and we have pressed them hard to increase the use of alternative sources of energy), (c) strengthening support for assistance to the developing countries. They also, of course, have been useful to enable the assembled leaders to better understand one another's positions on major international economic issues. Frequently leaders are able to take collective positions which they would find difficult to take individually, and to be better able to sell those positions to their domestic constituencies because they are collectively endorsed by the major industrialized democracies.

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From Venice to Ottawa

At Venice, the Summit countries agreed that North-South issues should be discussed seriously at the Ottawa Summit. The communique instructed the personal representatives "to review aid policies and procedures and other contributions to developing countries and to report back their conclusions to the next Summit." Preparatory meetings took place in September and again in December of last year and focused on new initiatives toward the developing countries, particularly the commencement of "global negotiations" at the UN and the establishment of a new World Bank energy affiliate.

At the third preparatory meeting in London in February, the new U.S. Administration sought to broaden the agenda and adjust priorities by emphasizing East-West economic relations, energy, trade liberalization, and macro-economic issues.

There will be three further (maybe four) preparatory meetings before the Ottawa Summit itself on July 19-21.

Paris	April 22-24
Vancouver	June 4-6
Ottawa	July 6-8

For the next meeting in Paris, the following papers are being prepared by the countries indicated:

East-West Trade Macro-economic Issues Terrorism Global 2000 Illicit Payments Trade Summitry North-South Monetary Aspects of Trade Monetary Issues Energy US US US US US Japan UK Canada France FRG-UK-Japan Report of High-Level Monitoring Group to Monitor Venice Energy Commitments MEMORANDUM FOR: Craig Fuller

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Re your Number 220CA, the attached response was delivered to the Vice President's office this morning.

Evans

Executive Secretary

Date 14 April 1981

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24344	47 MEMO	2	4/14/1981	B1			

INMAN TO THE VICE PRESIDENT, RE: STRATEGY FOR THE OTTAWA ECONOMIC SUMMIT

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THE SECRETARY OF COMMERCE Washington, D.C. 20230

April 13, 1981

MEMORANDUM FOR THE VICE PRESIDENT

SUBJECT: U.S. Strategy Paper for the Ottawa Summit

I appreciate the opportunity to review the subject paper. I think it is an excellent overall strategy paper which puts many specific issues in perspective. Rather than point out where we agree, I will instead comment on a few points that I think need additional attention or emphasis.

The section on general objectives states a useful set of guidelines for the meetings. If the President has an opportunity at the initial dinner, he should include in his remarks a rousing statement on trade expansion and the good things which will flow from implementing the MTN agreements, controlling irritants such as export credit competition and illicit payments, and expanding the international trading system to include less developed countries in a more meaningful way.

We believe that priority should be given to the East-West trade, energy, and trade agenda items, with perhaps a little less emphasis on monetary issues, North-South, and macroeconomic issues. The President should address himself to the U.S. economic program, but he should also address the broad issue of trade, which includes East-West trade as one of many aspects. Specific problems such as automobiles, steel, petrochemicals, and textiles should be kept off the agenda, and if necessary, deflected to either subsidiary groups associated with the Ottawa Economic Summit, or to other institutions (OECD, GATT).

In dealing with specifics, we would advise against the use of a "Wise Men Commission" which would only delay action on readily identifiable items of the international economic agenda. Instead we would like to see a common commitment to MTN implementation, to expansion of trade in services, to an export credit agreement, to an agreement on illicit payments, and to a recognition of the need for trade expansion with less developed countries. These could easily be wrapped into general support for the GATT and OECD efforts in these areas. We agree with the statements about the pluses and minuses of economic relations with the Soviet Union and Eastern Europe, as well as with the statements on the energy problem (paragraph 3) and on North-South issues (paragraph 4).

With respect to the specific strategy discussed, we concur with the playing down of the Global 2000 and Terrorism items. As noted, however, we wish to retain the Illicit Payments issue as a sub-item in trade; we feel strongly that if progress is to be made anywhere, it can and should be made at the Economic Summit with this small, relatively like-minded group. For specific positions in the area of international economics, we would like to refer to the work which has been done within the Trade Policy Committee on trade initiatives. The thrust of that effort is to use the existing mechanisms of the OECD and the GATT in developing any initiatives in the liberalization of international trade and investment. The Summit should also recognize that the Multifiber Arrangement is the chief developing country trade negotiation this year, and it is one in a very sensitive area.

It is our view that in the area of relations with developing countries, we can do very little beyond existing policies and programs without running into major problems with the Hill, business and labor. Careful thought must be given to finding ways of meeting the interests and demands of the developing countries and of Canada, Japan and Germany at minimum economic cost.

The final communique should give the political impetus to follow-on efforts which is so necessary to achieve real successes. The Summit is not a substitute for international organizations, but it must give direction and meaning to their efforts.

One final comment may be useful. There are references in the paper to meetings with "Economic and Foreign Ministers" present. The United States does not have an Economic Minister. Since many of the issues on the agenda will deal with trade in general, East-West trade, and domestic industrial economic policies, the U.S. Delegation should be composed of Treasury, Commerce, Energy, Agriculture, and USTR as well as State. Of course we are ready to provide any assistance you require, including full participation in the meetings leading up to the Summit, the meetings associated with the Summit itself, and any follow-on efforts.

Malum Boldinge

Secretary of Commerce



DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY WASHINGTON, D.C. 20250

April 13, 1981

MEMORANDUM FOR THE VICE PRESIDENT

SUBJECT: U.S. Strategy Paper for the Ottawa Economic Summit

The strategy paper lists several objectives and specific initiatives from which U.S. Government agencies should pick one or two. USDA feels that it is important to express support for objective number one advocating renewed forward movement on international trade, investment and monetary issues.

We have reviewed the entire subject paper and find it to be a concise review of past summits and defines our broad goals in preparation for the Ottawa Summit.

Richard E. Lyng Deputy Secretary

CABINET AD	MINIST	WA	WHITE HOUSE C.	SATTACH MORANDUM	M ENT
DATE: April 9, 1981	NUM	BER:	2200A	Close DUE BY: April	of Business 13, 1981
SUBJECT: Ottawa Econom			rategy CM 45		
	CTION	FYI		ACTION	FYI
ALL CABINET MEMBERS			Baker		
Vice President State			Deaver .		
Treasury Defense			Allen		
Attorney General Interior			LAnderson - OK		
Agriculture Commerce			Garrick	- /	
Labor			Darman (For WH S	Staffing)	
HUD Transportation			Gray		-
-Energy pyp!			Beal		
Counsellor	8				
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USTR					
Remarks:					
Please pro Monday, Ap			ews by the Close o •	of Business	
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RETURN TO: Craig L. Fi Deputy As:		the Pres	ident A	TTACHME	

Craig L. Fuller Deputy Assistant to the President Director, Office of Cabinet Administration 456-2823 Traund Lanamic

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ATTACHMENT

THE WHITE HOUSE WASHINGTON April 15, 1981

MEMORANDUM FOR THE VICE PRESIDENT

FROM: RICHARD G. DARMAN $\land \bigcirc \bigcirc$.

SUBJECT: Ottawa Summit -- Strategy Paper

Thank you for a copy of your memorandum on the Ottawa strategy. I have circulated it for White House comment.

Attached are reactions of Murray Weidenbaum and Frank Hodsoll. I will forward additional comments as they become available.

cc: Dan Murphy Nancy Bearg Dyke



ATTACHMENT

THE CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS WASHINGTON

April 13, 1981

MEMORANDUM FOR THE VICE PRESIDENT From: Murray Weidenbaum

Subject: Ottawa Economic Summit

I fully agree with the thrust of your suggested "game plan" for the Ottawa Summit, particularly the emphasis on establishing broad areas for discussion and agreement. The tendency of recent Summits to produce detailed policy prescriptions has overemphasized short-term aspects of the economic situation, whereas the critical fundamental problems were overlooked -at least in the public perception of the results.

As you know, I have been asked by the Personal Representatives to prepare the macroeconomic assessment paper which will be a key background document for the meeting. I have discussed its outline and major themes with my counterparts in the other Summit countries. On the basis of these discussions, I feel confident that the paper will serve to emphasize key points of policy which are at the heart of the Reagan program. It should also provide a good basis for the President's presentation of the U.S. program and at the same time help establish his leadership in enunciating the principles for U.S. and area-wide economic recovery.

The strategy paper prepared by your staff also suggests the need for various Presidential briefing papers, and it would seem appropriate for CEA to take the lead, in concert with State and Treasury, in preparing a short paper providing the basis for the President's remarks on the economic interaction between the Program for Economic Recovery and the other Summit economies.

As to major issues for Ottawa, I opt for East-West relations as a major Summit issue. I believe we should emphasize the importance of vigorous growth in the West as a concurrent condition for expanded defense expenditures. Vigorous growth would largely eliminate the guns vs. butter debate -- which is even more serious in Europe than in the U.S. Stronger growth in the West would also reduce the dependence of our European allies on Eastern markets. The current Polish debt crisis and the reluctance of our allies to participate in economic sanctions following Afganistan should cause us to reevaluate the strategic implications of trade and financial relations with the East. "Who has the leverage?" is, I believe, a legitimate question. In second place, I would choose the complex of energy issues listed as point (3) on page 5 of the strategy paper. Although I expect oil prices may still be depressed by market conditions by the time of the Summit, it would seem desirable to keep the pressure on OPEC. A Summit reaffirmation of the West's determination to reduce its dependence on imported oil by concerted action on realistic nonoil energy sources would be helpful, particularly since the U. S. stands to be a major beneficiary of such actions.

Reluctantly I suggest that a discussion of so-called "North-South" (perhaps more aptly termed "relations with the less developed countries") issues is inevitable -- especially if the U.S. is to participate in the North/South Summit in Mexico City. We should try in Ottawa to make our imprint on the strategy and substance of relations with developing countries.

Finally, I would not endorse new international groups ("Wise Men) or institutions, particularly on sensitive issues such as international monetary arrangements. These discussions are best handled quietly, in small groups; agreements can then be "ratified" in larger existing bodies.

With regard to specific agenda items, I have no problem with the list on page 3 of the strategy paper. However, I suggest that the headings "macroeconomic issues, monetary issues, monetary aspects of trade, and trade" be packaged so as to emphasize the interlinkages, adding perhaps certain elements of the North/South issue.

THE WHITE HOUSE WASHINGTON

April 13, 1981

NOTE FOR DICK DARMAN

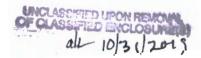
FROM: FRANK HODSOLL Junt

SUBJECT: Strategy Paper for Economic Summit

I concur in the paper, subject to changes noted on pages 3, 5, 6, 7 and 8 (attached). While somewhat out of channel, these comments reflect Treasury's views as well, since Saturday Marc Leland and I had lunch on the subject.

CC: Dan Murphy Nancy Bearg Dyke Henry Nau Mike Fry Roger Porter Marc Leland

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3) preserving and enhancing open international markets

4) Authority NSC/State Walvers Sy Strange 10/11/045/5)

- improving energy security, including protection against the disruption of oil supplies and radical, destructive price increases, and
 - concerting constructive and realistic policies toward developing countries; and finally
- inspire the allies to renew their common bonds to one another and to face the world confidently and collectively (such as the President did in his speech to the Parliament in Ottawa).

After this opening exchange on the broad political/ economic context of relations among the industrial allies, the meeting will move to more specific agenda items. The specific agenda items we support are:

- -- East-West trade
- -- Macro-economic issues
- -- North-South
- -- Energy
- -- Monetary issues
- -- Monetary aspects of trade
- -- Trade

The President would address himself primarily to:

-- his U.S. economic program and the interaction between (it and other economies) need at avoid domestic economic measures which impact adversely on other countries or the international -- East-West trade economic system.

In this discussion, the President should seek to achieve meaningful progress or outcomes on items that have been carefully prepared before the meeting and that follow organically from the consensus established among the leaders in the broad erchange on major political/economic challenges (a consensus which will also have emerged to a large extent in the preceding preparatory meetings). The requirement is to enable the Summit process to produce important initiatives when this is justified by the broad deliberations on major issues but not to force specific achievements or to divert the Summit discussion from high-level exchanges to technical minutia.

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d) enhancement of contingency planning and common understanding of the value and limits of foreign policy uses of economic measures to symbolize Western disapproval of Soviet acts or to achieve a real economic impact in the Soviet Union.

a common conclusion that, as demonstrasted in 3) the Iran-Iraq crisis, high oil stocks are an important defense against disruptive oil supply and price changes (which could severely undermine once again economic prospects in the West) and that removing impediments to production, use and trade of coal and nuclear materials should receive priority attention, plus such specifics as:

consideration of improved means a) agreement on a concept for dealing with country oil imbalances in a crisis, through negotiation and implementation in the International Energy Agency

habitation ap macleur planer us an alternate agreement on more predictable procedures **b**) for trade in nuclear materials and technology form

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Dionne of energy is betating mediale progress RX international discussions to develop and share expertise on nuclear health and safety practices, nuclear accidents, and waste management policies for track

nuller 4) an agreement on principles and procedures to materialo concert the positions of the major allies on the sequence, agenda and strategy of global discussions w/ with the developing countries, especially) for application at the October North-South Summit in Mexico but also for any other discussion that may be scheduled in the future (such as the UN Global Negotiations), (possibly reinforced by)

a) a directive to strengthen Group B caucus procedures in the ØECD, perhaps by having the Summit countries act as a Leadership Bureau within DECD.

Strategy

U.S. strategy for the Economic Summit should establish some priority among the general and more specific objectives outlined above, γ It has not been decided yet which of these objectives we should really push, which we should be ready to revise, or which we should be willing to drop. Moreover, there are additional objectives that may be identified in the course of/our internal preparations and our preparatory discussions with the allies.

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- but should not attaning to agree on a list of specifics.

What is clear at this point is that the United States seeks to promote through the Summit process broad consensus and confidence among the allies on the key problems the industrial democracies face and, to the extent possible within this broad consensus, to achieve progress on common approaches to these problems. Hence top priority should go to enhancing <u>allied understanding and acceptance</u> of U.S. policies to strengthen Western security and to revive Western economic growth.

Second-order priority should go to obtaining allied cooperation on more specific international economic issues and initiatives.

The United States should eliminate three issues that were put on the tentative agenda by the previous Administration. These are: Global 2000, Illicit Payments, and Terrorism. These subjects may come up as subsets of other agenda items, but should not be separate items.

What the eventual agenda will look like depends importantly on what the other countries seek no less than on what we seek (see Tab C for list of papers currently being prepared for the Summit). At the last preparatory meeting in London in February, the U.S. encountered greatest skepticism on the East-West issue, although Britain and France (surprisingly) come closest to the U.S. on this issue. The French expressed concern about energy and macro-economic issues, as did Germany about interest and exchange rate policies. The European Community stressed trade issues and openly attacked the Japanese on automobile exports. The Canadians, Germans and Japanese emphasized aid to developing countries and commitments to the multilateral financial institutions and a World Bank energy affiliate. Canada as host country gave particular attention to developing country issues, and, under Trudeau, is clearly seeking to build up its credentials as an interlocutor with the developing countries.

To achieve its objectives at the Summit, the United States will have to work closely with key countries in each issue area and to put forward incentives in other areas to win the cooperation of these countries:

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1. In the area of <u>East-West relations</u>, the U.S. should work with France, Britain and ultimately Germany to determine the degree of consensus that can be reached. German' is likely to be the most difficult partner to convince on this issue, but the prospect of its agreement is enhanced if Britain and France are supportive. To persuade its allies on this controversial issue, the United States will have to be explicit on what it seeks in the economic area (because the allies assume we seek a presumption of denial) rather than collective management of trade) and will need to develop carefully the political/security rationale for these measures. In addition, the United States will have to be forthcoming in its role as a capable and reliable supplier of alternative energy and economic resources:

- credible defender of Middle East oil supplies
- -- credible and reliable supplier of coal
- -- consistent supporter of nuclear power and credible supplier of nuclear materials and technology
- -- an open market which frees Western Europe of real need to increase its dependence on trade with Communist countries.

2. In the area of international energy cooperation, the United States should work closely with

- -- France, Britain, Germany and Japan on economic assistance and cooperation with friendly countries in the Persian Gulf and Middle East
- -- France, and Italy on emergency oil and gas stocks, encouraging the European Community to achieve progress on this issue and thereby enhancing indirect French cooperation with the IEA through the EC
- -- France, Britain and Germany (EURATOM) and Japan, again bilaterally, to achieve progress on nuclear issues important to these countries, including more predictable procedures for nuclear trade, common approaches to reprocessing in these countries, broader cooperation on nuclear safety and waste management, and support for nuclear power as an acceptable medium-term source of energy.

3. In the area of international economics, the United States should work closely with Canada (which has already floated a proposal for a new international initiative in trade) and Germany (the strongest ally on free trade, despite dramatic increases in Japanese exports to the German market) to develop a longer-term forward-looking, initiative to maintain and expand liberalization of international trade. Other Summit countries, particularly Britain and Japan, Gecome important (Partners) to ensure better concentration of domestic economic policies) to find improved ways to deal with international monetary imbalances, and to remove impediments to international investment. All of these economic areas should be reviewed with special attention to the impact on developing countries.

4. In the area of relations with developing countries, the U.S. should be willing to meet its allies' interest, especially that of Canada, Japan and Germany, in a constructive approach to discussions with developing

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which, impede trade and investment and cause

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countries. This approach should be based on a strategy to facilitate development in individual countries and regions, especially where the role of the private sector is encouraged. This strategy should emphasize international trade, investment and financial measures (which the Germans stress), as well as official development assistance (which the Canadians and Japanese stress). The U.S. should begin in-depth studies to determine how far the Administration can go in meeting developing countries' interests in apcoming trade the trade area negotiations. It should also deal with the proposal for a world Bank energy affiliate, which could acquire a symbolism/in current North-South/relations that the Common Fund acquired six years ago. The U.S. will have to come up with convincing evidence that the affiliate is not needed (to counter World Bank studies that it is needed) or it will have to present sensible alternative means of stimulating investment in energy development. /

Outcomes

Aside from the specific outcomes implied in the discussion of objectives, the United States should seek to achieve:

1. assurance that Summit actions fully utilize and stimulate regular international organizational structures and processes, not substituting for these institutions

2. a short and carefully prepared communique which can be finalized at the Summit without lengthy discussion among the heads of government

3. a tacit consensus on the frequency and shape of future Summits, providing for:

- -- general exchange of views and identification of priority areas and mechanisms for enhanced cooperation;
- -- integrated discussion of political and economic issues;
- -- less emphasis on communique drafting

4. clear and consistent briefings of the press on the purposes and outcomes of the Summit and U.S. policies at the Summit (indicating where our interpretations may vary from the interpretations of others without detracting from common positions).

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THE WHITE HOUSE WASHINGTON

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CABINET ADMINISTRATION STAFFING MEMORANDUM

DATE: April 9, 1981

NUMBER: 220CA

Close of Business DUE BY: April 13, 1981

SUBJECT: Ottawa Economic Summit Strategy

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBER	s 🛛		Baker		
Vice President	2		Deaver .		
State Treasury			Allen		
Defense Attorney General			Anderson		
Interior Agriculture			Garrick		
Commerce Labor	Ð		Darman (For WH Staffing)		
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Remarks:

Please provide your views by the Close of Business Monday, April 13, 1981.

RETURN TO:

Craig L. Fuller Deputy Assistant to the President Director, Office of Cabinet Administration 456-2823



de 10/31/2015



Document No.

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THE WHITE HOUSE WASHINGTON

STA	FFIN	GN	IEM	ORA	ND	UM

MONDAY

DATE:	4/10/81	ACTION/CONCURRENCE/COMMENT DUE BY	c.o.b.	4/13/81
SUBJECT: _	Strategy:	Ottawa Economic Summit		

	ACTION	FYI		ACTION	FYI	
VICE PRESIDENT			JAMES			
MEESE			MURPHY			
BAKER			NOFZIGER			hab
DEAVER			WEIDENBAUM		sucon	1
STOCKMAN	W Hings	š 🗆	CANZERI			
ALLEN			FULLER (For Cabinet)			2
ANDERSON			HICKEY		Le Com	th)
BRADY			HODSOLL			
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FIELDING			WILLIAMSON			
FRIEDERSDORF				. 🗆		
GARRICK			mont			
GERGEN						
HARPER			· · · · · · · · · · · · · · · · · · ·			

Remarks:

Please provide comments to my office by c.o.b. 13th. Apologies for short deadline: VP's memo was received for your on 9th with comments due by 13th.



Richard G. Darman Deputy Assistant to the President and Staff Secretary (x-2702)

ATTACHMENT

THE WHITE HOUSE WASHINGTON



ATTACHMENT

CABINET ADMINISTRATION STAFFING MEMORANDUM

DATE: April 9, 1981

NUMBER: 220CA

Close of Business DUE BY: April 13, 1981

SUBJECT: Ottawa Economic Summit Strategy CM 45

A	CTION	FYI		ACTION	FYI
ALL CABINET MEMBERS			Baker		
Vice President			Deaver .		
State Treasury			Allen		
Defense Attorney General			Anderson		
Interior Agriculture			Garrick		
Commerce Labor			Darman (For WH Staffing)		
HHS			Gray		P
Transportation Energy			Beal		
Education Counsellor					
OMB CIA					
UN USTR					
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Remarks:

Please provide your views by the Close of Business Monday, April 13, 1981.

RETURN TO:

Craig L. Fuller Deputy Assistant to the President Director, Office of Cabinet Administration 456-2823



CONFIDENTIAL



THE VICE PRESIDENT

WASHINGTON

DECLASSIFIED NSC/State

MEMORANDUM FOR THE SECRETARY OF STATE

SECRETARY OF STATE SECRETARY OF THE TREASURY SECRETARY OF DEFENSE SECRETARY OF AGRICULTURE SECRETARY OF COMMERCE SECRETARY OF ENERGY U.S. TRADE REPRESENTATIVE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT:

U.S. Strategy Paper for the Ottawa Economic Summit

I believe it would be useful to have an overall "game plan" for the Ottawa Summit which would define our broad goals and ensure that our preparations are consistent with these goals. Accordingly, I have asked that a short strategy paper be written. It is attached.

This paper emphasizes keeping the Summit quite general with discussion of the world situation as a backdrop to the focus on the economic topics. It sets broad objectives of establishing the President's international leadership position and increasing the understanding of the allies of our new domestic and foreign policies. It also emphasizes goals of developing consensus among the Summit partners on some important issues without excessively detailed discussion or commitment to specific policy initiatives at this point. The paper does offer, however, a range or "menu" of possible areas in which we might want to pursue one or two specific agreements at the Summit as a tangible demonstration of progress on the issues and of allied solidarity.

In order to have a coordinated strategy for our approach to the Summit, the other Summit papers we are developing, and the next international preparatory meeting in Paris April 22, we need to move expeditiously on this paper. I would appreciate any thoughts or suggestions you may have and your concurrence

> CLASSIFIED BY NANCY BEARG DYKE REVIEW ON APRIL 9, 1987

on the approach, if you agree, by April 13. In particular, I would like to know what specific issues you think we might want to address or that we should attempt to avoid. Then we can meet later to narrow the list of specific issues considerably to those areas in which we would most like to achieve a specific result and which are promising in terms of allied consensus. My Assistant for National Security Affairs, Nancy Bearg Dyke (telephone 395-4213), is my point of contact if your staff has any questions. Thank you for your assistance.

George Bush

cc: Counsellor to the President Chief of Staff to the President. Assistant to the President for National Security Affairs Chairman, Council of Economic Advisors Deputy Assistant to the President (Richard Darman)

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