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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

F0006-12
PR007-01
F0006-12

April 24, 1987

ACTION

MEMORANDUM FOR FRANK C. CARLUCCI

FROM: STEPHEN I. DANZANSKY

SUBJECT: Memorandum of Conversation of the President's Meeting with His Personal Representatives to the Venice Economic Summit

Attached at Tab I is a memorandum of conversation of the President's meeting with his Personal Representatives to the Venice Economic Summit.

RECOMMENDATION:

That you review and approve the attached memorandum of conversation for record purposes.

Approve 6 Disapprove _____

Attachment
Tab I Memcon

Prepared by:
Alexander H. Platt

DECLASSIFIED
Oct 9, 1998
BY NARA DATE 3/20/2020

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NSC #8703097

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3097

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting of the President with His Personal
Representatives for the Venice Economic
Summit (U)

PARTICIPANTS: The President
Secretary of State George P. Shultz
Secretary of the Treasury James A. Baker, III
Chief of Staff Howard H. Baker, Jr.
Frank C. Carlucci, Assistant to the President
for National Security Affairs
Allen Wallis, Under Secretary of State for
Economic Affairs
David C. Mulford, Assistant Secretary of the
Treasury for International Affairs
Stephen I. Danzansky, NSC Staff
Alexander H. Platt, NSC Staff

DATE, TIME April 24, 1987, 1:10 p.m.-1:35 p.m.
AND PLACE: Oval Office

The President asked Allen Wallis to begin. (U)

Mr. Wallis stated that the purpose of the meeting was to inform the President of the status of preparations for the Venice Economic Summit, to review the approach that the U.S. Sherpas were going to take on these issues and to see if the President had a reaction. He said that there were two more preparatory meetings for the Summit and that generally the preparations were not as advanced as they have been in the past with other nations hosting -- probably more like Japanese preparations last year. (U)

Mr. Wallis noted that the caretaker Prime Minister Fanfani will be the host in Venice and that he had requested an opportunity to visit with the President in Washington before the Summit, as he was going to try to do with each of the other Summit participants. Mr. Wallis said that the U.S. Summit preparation will try to concentrate on the future, the next forty years, instead of dwell on the past. (U)

Mr. Wallis said the economic issues to be covered in Venice are:

- Economic coordination; (U)
- Exchange rates; (U)

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-- Agriculture -- Mr. Wallis noted that this was a subject the President introduced in Tokyo and said was the most important international economic subject. Mr. Wallis said it is essential to go further at Venice than at Tokyo, that it is not an issue that can be settled, but that it is possible to give the Uruguay Round a boost; (U)

-- Trade -- Mr. Wallis said it is important to give Uruguay Round a boost and to move the liberalization process forward. Mr. Wallis cautioned that the U.S. must be careful not to get into a position of being pressed by European nations into ganging up on the Japanese on trade and economic issues. Mr. Wallis stated that we have resisted this pressure in the past and should continue to do so. (U)

Mr. Wallis said that there were special topics that might also be raised:

-- Energy -- It is important that the Summit press the continuing importance of nuclear power and the importance of the maintenance of large oil stocks by our Summit partners. (U)

The President inquired if other nations had the facilities to maintain large reserves, such as our salt domes. (U)

Mr. Wallis replied that most have built above-ground facilities which, although vulnerable in war, have been established to protect against a stoppage of oil from the Persian Gulf. (U)

Mr. Wallis continued that other special topics would be:

-- Environment -- Mr. Wallis noted that most of these discussions were related to individual Summit nations domestic political agendas and that in the past, if the proposals were not outlandish, the U.S. went along with them. (U)

-- Health -- Mr. Wallis stated that there was uniform agreement on discussing AIDS among the Summit nations. (U)

-- "Human Frontiers" -- Mr. Wallis said that this was an issue of interest to Prime Minister Nakasone related to increasing basic research in biology, but that it was not fully formed and might not be brought up. (U)

Mr. Wallis then said that there would be political issues raised at the Summit and observed that the political issues take a good chunk of the Economic Summit time. Mr. Wallis said that probable political issues would be: East-West relations, terrorism, and that some countries want to talk about South Africa. (U)

Secretary Shultz said that on South Africa, it was Mulroney on the "left," so to speak, and Thatcher on the "right" -- not wanting to touch it. (C)

The President said that if they raise it, he will say that he thinks the U.S. should undo what it has done. He continued that the sanctions had hurt across the board, including the people we wanted to help. (C)

Secretary Baker said that those who were most in favor of the sanctions are the most often in touch with his office asking for specific exemptions from the South African sanctions law -- for this state or that industry. (C)

Mr. Wallis continued that there might be topics that the President may wish additional briefings on, such as he received on agriculture last year. One topic, he noted, may be useful to pursue: In the past at Summits we have stressed both economic growth and cutting inflation. Although we don't want to take the heat off fighting inflation, it might be valuable to begin stressing increased growth, as the FRG, UK, Japan and the U.S. are not growing as fast as they should. Mr. Wallis said the President may want to raise this issue away from the Ministers to a head of state level. Mr. Wallis asked the President if he had any reactions or special requests or instructions. (U)

The President responded he did not.

National Security Council
The White House

Handwritten initials/signature

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Package # 3097

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ALL: 10

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>P</u>	<u>A</u>
Marybel Batjer			
Grant Green	<u>2</u>	<u>G</u>	<u>A</u>
Colin Powell			
Paul Thompson			
Frank Carlucci			
Grant Green			<u>N</u>
NSC Secretariat	<u>3</u>		<u>N</u>
NSC Secretariat			
Situation Room			

I = Information **A = Action** R = Retain D = Dispatch N = No further Action

cc: VP Baker Other _____

COMMENTS Should be seen by: _____ (Date/Time)

This was a photo op - we don't ordinarily do memcons of such, but good for the record.

NSC/S PROFILE

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UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURES

RECEIVED 28 APR 87 16

dlb 3/20/2020

DOCDATE 24 APR 87

24 APR 87

TO CARLUCCI

FROM DANZANSKY

PLATT

KEYWORDS: VENICE SUMMIT

SUBJECT: PRES MTG W/ HIS PERSONAL REP TO VENICE SUMMIT

ACTION:	RECOMMENDATIONS	DUE:	STATUS C	FILES WH
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FOR ACTION

FOR CONCURRENCE

FOR INFO

DANZANSKY

THOMPSON

COBB

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COMMENTS

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ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C 4/28</i>	<i>Green approval room</i>		<i>GSG/SID/AHP</i>

DISPATCH _____ W/ATTCH FILE _____ (C)

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C0001-01

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT
TRANSMITTAL FORM

S/S 8715749

DATE June 17, 1987

FOR: MR. GRANT GREEN
EXECUTIVE SECRETARY
NATIONAL SECURITY COUNCIL
THE WHITE HOUSE

F6011
F6006-12

REFERENCE:

TO: President Reagan FROM: President Sassou of the Congo
DATE: 06/01/87 SUBJECT: Request that USG address
the African Economic Crisis at the Venice Economic Summit.

REFERRAL DATED: ID# (IF ANY)

THE ATTACHED ITEM WAS SENT DIRECTLY TO THE
DEPARTMENT OF STATE

ACTION TAKEN:

- A DRAFT REPLY IS ATTACHED.
- A DRAFT REPLY WILL BE FORWARDED.
- A TRANSLATION IS ATTACHED.
- AN INFORMATION COPY OF A DIRECT REPLY IS ATTACHED.
- WE BELIEVE NO RESPONSE IS NECESSARY FOR THE REASON
CITED BELOW.
- THE DEPARTMENT OF STATE HAS NO OBJECTION TO THE
PROPOSED TRAVEL.
- OTHER (SEE REMARKS).

REMARKS: Department has already responded to Sassou's message with
attached cross-hatch cable (State 173383).

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Authority State Waiver
BY dls NNDATE 3/20/2020

Richard F.
DIRECTOR
SECRETARIAT STAFF

NSC#8704609

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(CLASSIFICATION)

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Department of State

OUTGOING
TELEGRAM

PAGE 01
ORIGIN AF-00

STATE 173383

5997 AF7060

INFO DASB-01 AS-01 EPS-01 AF: P-01 AFRA-01 RCA-01 PMA-01
EXED-01 AFC-01 AFCE-01 /010 A2

INFO LOG-00 COPY-01 ADS-00 SS-00 EB-00 NSCE-00 SSO-00
E-01 P-02 /012 R

DRAFTED BY: AF/RA: BALLEEN
APPROVED BY: AF/RA: RTIERNEY
E: EMELBY
AF/EPS: REED
AF: KLBROWN
S/S-O: RMBISHOP

AF/C: RFRISBIE
P: ESPIRO
S/S: JELAKE
NSC: RPEARSON

-----106701 060428Z /22

P 060422Z JUN 87
FM SECSTATE WASHDC
TO AMEMBASSY BRAZZAVILLE PRIORITY

~~LIMITED OFFICIAL USE~~ STATE 173383

E. O. 12356: N/A
TAGS: OPDC, OAU, CF
SUBJECT: MESSAGE FROM PRESIDENT SASSOU TO PRESIDENT REAGAN

REF: BRAZZAVILLE 1216

YOU MAY ADVISE PRESIDENT SASSOU THAT THE DEPARTMENT HAS FORWARDED TO PRESIDENT REAGAN HIS LETTER ASKING THAT THE USG FOCUS ATTENTION ON THE AFRICAN ECONOMIC SITUATION AT THE ANNUAL SEVEN NATION ECONOMIC SUMMIT WHICH WILL TAKE PLACE JUNE 7-10 IN VENICE. THE USG CONTINUES TO BE CONCERNED ABOUT THIRD WORLD ECONOMIC PROBLEMS AND HAS INCLUDED SUCH A SERIOUS MATTER IN ITS AGENDA. SHULTZ

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BY dh DATE 3/20/2020

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DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

4609

(TRANSLATION)

LS NO. 122320
AKB/
French

O 011120Z JUN 87
FM AMEMBASSY BRAZZAVILLE
TO SECSTATE WASHDC IMMEDIATE 2250
LIMITED OFFICIAL USE BRAZZAVILLE 1216
SUBJECT: MESSAGE FROM PRESIDENT SASSOU TO PRESIDENT REAGAN
REF: STATE 164659

Following is the text of Sassou letter to President Reagan.

Quote:

Mr. President:

In a few weeks, the annual summit of the Chiefs of State and Government of the seven principal industrialized countries of the Western world will take place in Italy. As usual, current political and economic matters of outstanding interest to these countries will be on the agenda.

However, as preparations are made for this major meeting of prime importance to the world economy, to peace, and to international security, I, acting as President of the Organization of African Unity (OAU), should like to call your attention to the troubling situation of the Third World economies and particularly those of the African States. You may recall that the African economies were deemed to be in so critical a state that a special session of the United Nations General Assembly on this matter was called last May.

You may also recall that at the conclusion of this session, a program of action to enable the international

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AUTHORITY State Waiver
BY ds DATE 3/20/2020

community to contribute to the efforts of the African Governments was adopted in an overwhelming show of solidarity.

Today, one year after the adoption of that program, it is easy to see that whereas most of the African States have undertaken arduous and courageous programs of adjustments, reforms, and development, the international community has not fulfilled its obligations, particularly with regard to bilerateral public aid.

This situation has engendered a paradoxical state of affairs: owing to the depletion of public aid to development, the drop in the prices for most basic commodities, and foreign debt constraints, for several months Subsaharan Africa has had a negative net transfer of financial resources and thus has become an exporter of capital.

Accordingly, in view of the ties your country has with Africa and in light of the interdependence of the world economy and the danger that the collapse of an entire continent would represent for security and international cooperation, I should be very grateful if you would give this aspect of the international situation all the attention it deserves.

Accept, Mr. President, the renewed assurances of my high consideration.

Signed: Colonel Denis Sassou Nguesso

End quote.

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INCOMING

Department of State 8715740

PAGE 01 BRAZZA 01216 011214Z 6263 005206 SS02562
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INFO SSO-01 SSI-02 SSSB-01 /004 A1 PEC
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INFO SS-01 AF-01 /002 A4 MGB

ACTION AF-00

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TO SECSTATE WASHDC IMMEDIATE 2250

PAGE 01 BRAZZA 01216 011214Z 6263 005206 SS02562
C'EST POURQUOI, COMPTE TENU DES RELATIONS QUI LIENT
VOTRE PAYS A L'AFRIQUE, COMPTE TENU DE L'INTERDEPENDANCE
DE L'ECONOMIE MONDIALE ET DU DANGR QUE REPRESENTERAIT
POUR LA SECURITE ET LA COOPERATION INTERNATIONALE
L'EFFONDREMENT DE TOU UN CONTINENT, JE SOUHAITE VIVEMENT
QUE VOUS ACCORDIEZ A CE VOLET DE LA SITUATION INTR-
NATIONALE TOUT L'INTERET QU'IL MERITE.

p/c
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adv. to NSC
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JE VOUS PRIE D'AGREER, MONSIEUR LE PRESIDENT DE LA
REPLUBLIQUE, L'ASSURANCE DE MA TRES HAUTE CONSIDERATION.

/S/ COLONEL DENIS SASSOU-NGUESSO

END QUOTE

WILSON

~~LIMITED OFFICIAL USE~~ BRAZZAVILLE 1216

FOR AF/RA

E.O. 12356; NA
TAGS: OPDC, CF, OAR
SUBJ: MESSAGE FROM PRESIDENT SASSOU TO PREEIDENT REAGAN

REF: STATE 164659

FOLLOWING IS TEXT OF SASSOU LETTER TO PRESIDENT REAGAN:
QUOTE

MONSIEUR LE PRESIDENT DE LA REPUBLIQUE,
DANS QUELQUES SEMAINES AURA LIEU EN ITALIE LE
SOMMET ANNUEL DES CHEFS D'ETAT ET DE GOUVERNEMENT DES
SEPT PRINCIPAUX PAYS INDUSTRIALISES DU MONDE OCCIDENTLA.
COMME A L'ACCOUTUMEE, SERONT INSCRITS A L'ORDRE DU
JOUR LES POINTS SAILLANTS DE L'ACTUALITIE POLITIQUE ET
ECONOMIQUE TOUCHANT LES ETATS CONCERNES.

TOUTEFOIS, AU MOMENT OU SE PREPARE CETTE GRANDE
REUNION D'UN INTERET PRIMORDIAL POUR L'ECONOMIE
MONDIALE, L'PIX ET LA SECURITY INTERNATIONAL, JE
VOUDRAIS, EN MA QUALITE DE PRESIDENT EN EXERCISE
DE L'ORGANISATION DE L'UNIE AFRICAINE (OUA),
APPELER VOTRE ATTENTION SUR LA SITUATION PREOCCUPANTE
DES ECONOMIES DU TIERS-MONDE, ET PARTICULIEREMENT DE
CELLES DES ETATS AFRICANINS. IL VOUS SOUVIENT QUE L'ETA
DES ECONOMIES AFRICAINES A ETE JUGE SI CRITIQUE
UI'IL A FAIT L'OBJET D'UNE SESSION SPECIAL DE
L'ASSEMBLEE GENERALE DES NATIONS-UNIES EN MAI DERNIER.

IL VOUS SOUVINT EGALEMENT QU'A L'ISSUE DE CETTE
SESSION, UN PROGRAMME D'ACTION DEVANT PERMETTRE A LA
COMMUNAUTE INTERNACIONAL D'ACCOMPAGNER LES EFFORTS
DES GOUVERNEMENTS AFRICAINS A ETE ADOPTE DANS UN MERITOIRE
ELAN DE SOLIDARITE.

AUJOURD'HUI, UN AN APRES L'ADOPTION DE CE PROGRAMME,
IL EST FACILE A CONSTATER QUE SI LA PLUPART DES ETATS
AFRICAINS SE SONT ENGAGE DANS DE DOULOUREUX ET COURAGEUX
PROGRAMMES D'AJUSTMENTS, DE REFORMES ET DE DEVELOPPEMENT,
LA COMMUNAUTE INTERNACIONALE N'A PAS EN REVANCHE
RMPLI SES OBLIGATIONS, NOTAMMENT EN CE QUI CONCERNE
L'AIDE PUBLIQUE BILATERALE.

CETTE SITUATION A ENGENDRE UN PHENOMENE PARADOXAL:
EN RAISON DU TARRISSEMENT DE L'AIDE PUBLIQUE AU
DEVELOPPEMENT, DE LA CHUTE DES COURS DE LA PLUPART
DES PRODUITS DE BASE, DES CONTRAINTES DE LA DETTE
EXTERIEURE, L'AFRIQUE SUBSAHARINME ENREGISTRE DUPUIS
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ITAUS.

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Authority: State Waiver
By: *dh* NARA DATE 3/20/2020

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THE WHITE HOUSE
WASHINGTON

506893
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June 16, 1987

Dear Renato:

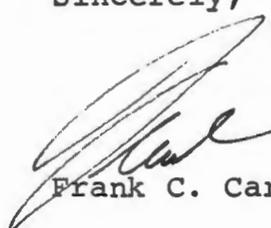
With the Venice Economic Summit drawn to a close, on behalf of the President, I would like to express our appreciation for your personal contribution to making this year's Summit a brilliant success. I would like also to commend the Government of Italy for the flawless execution of the many difficult and complex logistical arrangements necessary for such an event. I know the entire U.S. delegation, and the President, were made to feel honored guests in your country.

We look forward to speaking with you in the next year as we prepare for Canada.

Thank you again.

With best wishes,

Sincerely,


Frank C. Carlucci

Ambassador Renato Ruggiero
Secretary General of the
Ministry of Foreign Affairs
of the Italian Republic
Rome

P.S. Great work
on the draft as
well.
Frank

NSC#8704521

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 15, 1987

ACTION

MEMORANDUM FOR FRANK C. CARLUCCI

FROM: STEPHEN I. DANZANSKY

SUBJECT: Letter from You to Ruggerio

SIGNED

Attached per your request is a suggested letter from you to Italian Sherpa Renato Ruggiero (Tab I) expressing our appreciation for his contribution to making this year's Economic Summit a success.

RECOMMENDATION:

That you sign the letter to Ruggerio (Tab I).

Approve *SC*

Disapprove _____

Marybel Batjer and Ty Cobb concur.

Attachment

Tab I Letter to Ruggerio

Prepared by:
Alexander H. Platt

REFERRAL

DATE: 16 JUN 87

MEMORANDUM FOR: EXECUTIVE SECRETARY
DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: CARLUCCI

SOURCE: DANZANSKY

DATE: 15 JUN 87

KEYWORDS: VENICE SUMMIT

ITALY

RUGGIERO, RENATO

SUBJ: THANK YOU NOTE TO RENATO RUGGERIO FOR HIS WORK ON THE VENICE SUMMIT

REQUIRED ACTION: FOR DISPATCH

DUE DATE:

COMMENTS:


Cliff P. Korzeck
FOR GRANT S. GREEN, JR.
EXECUTIVE SECRETARY

REFERRAL

DATE: 16 JUN 87

MEMORANDUM FOR: EXECUTIVE SECRETARY

DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: RUGGIERO, RENATO

SOURCE: CARLUCCI

DATE: 16 JUN 87

KEYWORDS: VENICE SUMMIT

ITALY

RUGGIERO, RENATO

SUBJ: THANK YOU NOTE TO RENATO RUGGERIO FOR HIS WORK ON THE VENICE SUMMIT

REQUIRED ACTION: FOR DISPATCH

DUE DATE:

COMMENTS:


FOR GRANT S. GREEN, JR.

EXECUTIVE SECRETARY

National Security Council
The White House

TC

87 JUN 15 P 5: 15

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	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>WTC</u>	<u>A</u>
Marybel Batjer			
Grant Green	<u>2</u>	<u>G</u>	
Colin Powell	<u>3</u>	<u>[Signature]</u>	
Paul Thompson			
Frank Carlucci	<u>4</u>	<u>✓</u>	<u>A</u>
Grant Green			
NSC Secretariat	<u>5</u>		<u>D</u>
NSC Secretariat			
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Baker Other _____

COMMENTS Should be seen by: _____
(Date/Time)

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

FO006-12

Nat Sec Advisor
has seen

FO006-12

ACTION

May 18, 1987

PY

MEMORANDUM FOR FRANK C. CARLUCCI

FROM: STEPHEN I. DANZANSKY *SPF for*

SUBJECT: Debt Issues in Your Luncheon Address

Late-arriving correspondence from OEF International indicates a special interest in hearing from you on debt issues as they relate to the Venice Summit. The New York Times reported last Friday that a \$20 billion plan for relief will be endorsed at the Summit.

RECOMMENDATION

That you use the attached talking points to discuss debt during your luncheon address.

Approve jc

Disapprove _____

Attachments

- Tab A Talking Points
- B News article

Prepared by:
Stephen P. Farrar

NSC # 8703783

Talking Points

Carlucci Luncheon Address

May 18, 1987

Third World Debt and the Venice Summit

Background

- o The British and the French have been pressing for debt relief for the poorest countries in Africa. The attached New York Times article (May 15) refers to a Venice Summit initiative to convert loans to grants and ease repayment terms on the \$20 billion in outstanding official debt.

Talking Points

- o Beginning at the IMF Interim Committee meeting in early April, the U.S. has been discussing with other creditor countries ways in which countries of Sub-Saharan Africa could be given more favorable treatment in rescheduling their official debt in the Paris Club. The effort was endorsed in the communique of the OECD Ministerial last week, and will doubtless be discussed at Venice. The U.S. is sympathetic.
- o The problems of the countries of Sub-Saharan Africa are different from those of the Latin debtors because of the very limited economic base (problems of solvency rather than liquidity).
- o The U.S. has already begun responding to the debt problem in Sub-Saharan Africa. Almost all of our new aid to the region

is provided as grants rather than loans, thus avoiding adding to the debt problem.

- o While stretching out Paris Club reschedulings makes sense, outright debt forgiveness causes problems. In the Federal budget, forgiveness gets scored the same as new aid--it would only add to our budgetary problems.
- o Also, the U.S. has subscribed to the \$12.4 billion eighth replenishment of the International Development Association (IDA), the World Bank's concessional window. Nearly 50% of IDA-8 will go to Sub-Saharan Africa. It is critical that Congress approve the President's requested appropriations for IDA-8 (\$958 million in 1988).

AFRICAN DEBT HELP AND LIBERAL TRADE ARE SUMMIT GOALS

A Complex Plan for Alleviating Burden of Black Countries Is Nearing Completion

By PAUL LEWIS

Special to The New York Times

PARIS, May 12 — Agreement on a debt-relief plan for black Africa and steps to speed talks on freer trade will be the most concrete results of next month's economic summit meeting, according to officials preparing the talks.

Under a complex plan that is nearing completion, black Africa's poorest and most heavily indebted nations would be granted relief on about \$20 billion of debt they owe Western governments. The main beneficiaries of the plan would be Mali, Mauritania, Zambia and Zaire. Other very poor nations would get aid as well.

According to the officials, the Venice summit meeting of seven major industrial nations, set for June 8-10, will also endorse the agreements on closer economic policy coordination and agricultural reform struck by ministers from all the industrial nations at this week's meeting of the Organization for Economic Cooperation and Development in Paris. The summit meeting of the United States, Japan, West Germany, France, Britain, Canada and Italy will also express satisfaction with the recent Paris currency accord.

Relations With Soviet Bloc

In addition, the officials said, a broad statement on relations with the Soviet Union and its allies is likely if the members of the North Atlantic Treaty Organization can agree on a joint response to the Soviet Union's new proposals for withdrawing short- and medium-term nuclear missiles from Europe by the time of the meeting.

Even with the preparatory talks, however, an agreement by the leaders of the seven nations on those issues is not certain. For example, the summit participants are divided in aspects of the Africa debt plan. In addition, when the summit countries' leaders have sometimes focused on issues at these annual meetings, such as airline hijackings and drug control, that were not prepared beforehand.

The officials who actually prepare the annual summit meeting are now having closed meetings near Venice, with their last round of preparatory talks set for the weekend. Their goal is to try to agree as much as possible on the final communiqué that the leaders will issue after their meeting.

The advance officials, who are the personal representatives of the heads

Continued on Page D3, Column 3

Major Summit Topics: African Debt and Trade

Continued From Page 1, Section 1

of government, are often called Sherpas, after the Nepalese guides who help mountain climbers reach the summit of Mount Everest.

In addition, the Venice summit conference is expected to call for a high-level ministerial meeting next year of the hundred or so nations that agreed a year ago to begin a new round of talks aimed at rolling back the rising tide of protectionism in the world.

A purpose of the Venice meeting, therefore, would be to reap "an early harvest" by agreeing on a preliminary package measures for freer trade. Such a preliminary accord would reaffirm in concrete terms the world's continuing commitment to free trade, even though the trade negotiation as a whole is not expected to end before 1990.

The emerging plan on African debt relief reflects a growing realization among aid-giving nations that the economic plight of the world's poorest countries is now so bad that they cannot be expected to repay their debts in the foreseeable future and probably not at all.

The very poor African countries also owe foreign commercial banks

about \$6 billion, on which repayment terms have already been eased. But Western governments and their agencies account for about 80 percent of the countries' total foreign debt.

The World Bank in Washington, which has no official role in the summit preparatory process, has nevertheless been helping informally with the drafting of the African debt relief plan.

Under the plan being worked out, the major industrial nations would agree to convert any remaining government loans to the world's poorest countries into outright grants, as most have already done. They would also agree to ease repayment terms on the roughly \$20 billion of officially financed trade credits that they are owed by those poor nations.

This means that the poorest black African nations would be given up to 20 years to repay these trade credits, which they borrowed to pay for imports. They also would be given an initial 10-year grace period.

According to officials preparing for the summit conference, Britain, France, Canada and Italy believe the debt plan should go further. In their view, black Africa also should be excused from paying interest on the outstanding loans and credits or should pay only a reduced rate. In private, some officials say they believe the debts will have to be canceled in the end.

But the United States and West Germany are hesitant, officials say, fearing that granting the very poor countries relief from interest payments would set a precedent for other developing countries, especially in Latin America, that also owe huge debts to the West. Japan's position is unclear, officials say.

As the plan now stands, the seven summit nations would make it clear

that other heavily indebted developing countries whose economic prospects are considered more favorable cannot expect as generous treatment as the poorest nations, most of which are in sub-Saharan Africa.

Another difficulty is that many of the trade credits owed by black Africa were granted by independent or quasi-independent bodies in industrial nations. These bodies, such as the Export-Import Bank in the United States, might demand compensation from their governments for any loss of interest on their outstanding loans.

Thus, some officials preparing for the summit meeting say it is possible that the Venice meeting will only endorse the idea of relief on interest

rates for the poorest nations. Industrial governments would then be free to decide for themselves whether and how to do this, and some nations might grant the poorest developing nations additional aid instead.

As a result of recent debt-relief measures, the poorest nations of sub-Saharan Africa are now devoting about 35 percent of their total export earnings on average to repaying a servicing their foreign debt. With this relief, they would be paying impossible 60 to 70 percent.

The debt-relief plan likely to be approved at Venice is expected to reduce this figure further, to about 10 percent of export earnings.

National Security Council
The White House

System # _____
 Package # 3783
 DOCLOG H.W. A/O

87 MAY 18

All: 37

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	<u>1</u>	<u>has copy</u>	<u>A</u>
Marybel Batjer			
Grant Green	<u>2</u>	<u>G</u>	
Colin Powell			
Paul Thompson			
Frank Carlucci	<u>3</u>	<u>JC</u>	
Grant Green			
NSC Secretariat	<u>4</u>	<u>H.W. 5/18</u>	<u>N</u>
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cc: VP Baker Other _____

COMMENTS Should be seen by: _____
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TO CARLUCCI

FROM DANZANSKY

DOCDATE 18 MAY 87

KEYWORDS: INTL TRADE

BUDGET

VENICE SUMMIT

SUBJECT: DEBT ISSUES RE LUNCHEON ADDRESS / VENICE SUMMIT

ACTION: FOR DECISION

DUE:

STATUS C

FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

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COMMENTS

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