

June 6, 1980

28.6.1980

REVISED DRAFT DECLARATION OF THE

VENICE SUMMIT

22nd and 23rd of June

- I - INTRODUCTION

1. A turbulent decade has ended, leaving us a difficult legacy. Sudden, large increases in the price of oil have from time to time intensified worldwide inflation, created new risks of a global recession, and undermined the ability of developing and industrialised countries alike to achieve more balanced growth.

① 2 Redistributive Measures  
Inc → Oil. Redistrib of Power to Oil  
Poort →

~~② Inc → Oil, Redistrib of Power.~~

② Legacy → Convergence  
Towards S.R.

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2. In this, the first Summit of the 1980's, we reaffirm our confidence in the ability of democratic societies, based on individual freedom and social solidarity, to meet these challenges.

3. We are determined to establish a sound basis for economic progress in the 1980's. We will have to make major improvements in the structure of our economies to bring this about. There are no quick or easy solutions; sustained efforts are needed to achieve a better future.

4. The centerpiece of our discussion has been energy. It is only one of many problems facing the world, but without a solution to it, we cannot deal satisfactorily with other problems; inflation, unemployment, protectionism, monetary instability and the threat of stagnation in the developing world. We have discussed all these issues, and they are all interrelated; but reducing our collective demand for oil is necessary to the success in the other areas and in particular to controlling inflation.

5. The reduction of inflation is our immediate top priority. Inflation retards growth and harms all sectors of our societies. Determined fiscal and monetary restraint is required to break inflationary expectations. Continuing dialogue among the social partners is needed for the same purpose. We must retain effective international coordination to carry out this policy of restraint, but also to avoid a worldwide recession. A reduction of inflation will benefit all nations, whether industrialised or developing, oil-producing or oil-importing.

6. We are also committed to encouraging investment and innovation, so as to increase productivity, to fostering the movement of resources from declining into expanding sectors, and to promoting the most effective use of resources within and among countries. This will require shifting resources from government spending to the private sector and from consumption to investment, and avoiding or carefully limiting actions that shelter particular industries or sectors from the rigors of adjustment. Measures of this kind may be economically and politically difficult in the short-term, but they are essential to sustained non-inflationary growth and to increasing employment which is our major goal.

7. In shaping economic policy, we need a better understanding of the long-term environmental and other effects of population growth, industrial expansion and economic development generally. A study of global trends in these areas is in hand and our representatives will keep these matters under review.

- III - E N E R G Y

8. We cannot achieve our economic objectives, either nationally or in relation to world development, unless greater progress is achieved in dealing with energy problems. The heart of the matter is that economic policy is now constrained by the energy imbalance. We need to weaken the link between economic growth and consumption of energy and, in particular, conserve oil. To do this, we must work together to use energy more efficiently, conserve oil, improve market conditions, increase the supply of coal, expand the use of nuclear power, and hasten the development of synthetic fuels and renewable sources of energy. We ask all countries to join in this effort.



9. We welcome recent energy decisions of the European Community (EC), the International Energy Agency (IEA) and the Organization for Economic Cooperation and Development (OECD) regarding the need for long-term structural change to reduce oil consumption, continuing procedures to monitor progress, the possible use of oil ceilings to deal with tight market conditions, and coordination of stock policies to mitigate the effects of market disruption. We note that the member countries of the IEA have agreed that their energy policies should result in their collective 1985 net oil imports being substantially less than their existing 1985 group objective, and that they will quantify the reduction as part of their continuing monitoring efforts. The potential for reduction has been estimated by the IEA Secretariat, given existing uncertainties, at around 4 million barrels a day (MBD).

10. In order to encourage energy investment and the confidence that flows from sustained economic activity, market forces should be supplemented, where appropriate, by effective fiscal incentives and administrative measures. Domestic prices for oil should be as far as possible reflect representative world prices. Energy investment will contribute substantially to economic growth and employment.

11. To conserve oil in our countries:

- We are agreed that no new base-load oil-fired generating capacity should be constructed, save in exceptional circumstances, and that the conversion of oil-fired capacity to other fuels should be accelerated.

- We will increase efforts, including fiscal incentives where necessary, to accelerate the substitution of oil in industry. *by stat*

- We will encourage oil saving investments in residential and commercial buildings, where necessary by financial incentives and by establishing insulation standards. We look to the public sector to set an example.

- In transportation, our objective is the introduction of increasingly fuel efficient vehicles. The demand of consumers and competition among manufacturers are already leading in this direction. We will accelerate this progress, where appropriate, by arrangements or standards for improved automobile fuel efficiency, by gasoline pricing and taxation decisions, by research and development, and by making public transport more attractive.

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12. Our potential to increase the supply and use of energy sources other than oil over the next ten years is estimated at the equivalent of 15-20 MBD of oil. We intend to make a coordinated, vigorous, effort to realise this potential. To this end, we will seek a large increase in the use of coal and enhanced use of nuclear power in the medium-term and a substantial increase in production of synthetic fuels and in sources of renewable energy over the longer term.

13. We shall encourage the exploration and development of our indigenous hydrocarbon resources in order to secure maximum production on a long-term basis.

14. Together, we intend to double coal production and use by early 1990. We will encourage long-term commitments by coal producers and consumers. It will be necessary for both exporting and importing countries to improve their infrastructures, as far as is economically justified, to ensure the required supply and use of coal.

15. We are conscious of the environmental risks associated with increased coal production and combustion. We reaffirm our pledge to ensure that, as far as possible, increased use of fossil fuels, especially coal, does not damage the environment.

16. We look forward to the recommendations of the International Coal Industry Advisory Board. They will be considered promptly.



17. We underline the vital contribution of nuclear power to a more secure energy supply. The role of nuclear energy has to be increased if world energy needs are to be met. We will therefore have to expand our nuclear capacity. We will continue to give the highest priority to ensuring the health and safety of the public and to perfecting methods for dealing with accumulations of spent fuel and disposal of nuclear waste.

18. We reaffirm the importance of ensuring the reliable supply of nuclear fuel and minimizing the risk of nuclear proliferation.

19. The studies made by the International Nuclear Fuel Cycle Evaluation Group, launched at the London Summit in 1977, are a significant contribution to the use of nuclear energy. We welcome their findings with respect to: increasing predictable supplies, the most effective utilization of uranium sources, including the development of advanced technologies and the minimization of proliferation risks, including support of International Atomic Energy Agency (IAEA) safeguards. We urge all countries to take these findings into account when developing policies and programmes for the peaceful use of nuclear energy.

20. We will actively support the recommendations of the International Energy Technology Group, proposed at the Tokyo Summit last year, for bringing new energy technologies into commercial use at the earliest feasible time. As far as national programmes are concerned, we will by mid-1981 adopt a two-phased approach -- first, listing the numbers and types of commercial scale plants to be constructed in each of our countries by the mid-1980's, and, second, indicating quantitative projections for expanding production by 1990, 1995 and 2000, as a basis for future actions. As far as international programmes are concerned, we will join others in creating an international team to promote collaboration among interested nations on specific projects.

21. We are convinced that our comprehensive energy strategy can curb the demand for energy, particularly oil, without hampering growth. We expect that, with this strategy, the ratio between increases in collective energy consumption and economic growth of our countries will, over the coming decade, be reduced to about 0.6, that the share of oil in our total energy demand will be reduced from 53 per cent now to about 40 per cent by 1990, and that our collective consumption of oil in 1990 will be sufficiently below present levels to permit a balance between supply and demand at tolerable prices. (Progress will be closely monitored against these guidelines, while taking into account developments in the supply of oil, and our policies will be adjusted accordingly.)

22. We continue to believe that international cooperation in energy is essential. All countries have a vital interest in a stable equilibrium between energy supply and demand. We would welcome a constructive dialogue on energy and related issues between energy producers and consumers in order to improve the coherence of their policies.

Kuwait.  
Saudi  
Nigeria.

India  
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RELATIONS WITH DEVELOPING COUNTRIES

23. The present and foreseeable difficulties which threaten the world, both politically and economically, make more important than ever the relations between developed and developing countries. These relations must be based on the recognition of fundamental interdependence and mutuality of interests and on the need to further world peace. A mutually advantageous relationship is an essential element of our strategy for dealing with the problems of the coming decade.

24. We approach in a positive and constructive spirit the prospect of global negotiations in the framework of the United Nations and the formulation of a new International Development Strategy. In particular, our object is to cooperate with the developing countries in energy conservation and development, expansion of exports, enhancement of human skills, and the tackling of underlying food and population problems, in order to promote their continuing growth. It is a common responsibility of the industrialised nations, including the Communist countries, as well as of the oil-producing countries, to make sure that the developing countries do not lack the means of economic growth and of social progress.



25. Higher oil prices and energy shortages critically threaten the well-being of oil-importing developing nations. A major international effort to help these countries increase their energy production is required.

26. In particular, we ask the World Bank to consider means, including the possibility of establishing a new affiliate, by which it might improve and increase its lending programmes for exploration, development and production of conventional and renewable energy sources in these countries. This initiative should be explored with both oil-exporting and industrial countries.

We strongly support the United Nations Conference on New and Renewable Sources of Energy.

27. We are deeply conscious that extreme poverty and chronic malnutrition afflict hundreds of millions of people. We are ready to join with developing countries and international agencies in their comprehensive long-term strategies to increase food production, to improve both national and international research services, and to expand food security systems. We will support and, where appropriate, supplement initiatives of the World Bank and of the Food and Agricultural Organization (FAO) to improve grain storage and food handling facilities. We underline the importance of wider membership of the new Food Aid Convention so as to secure at least 10 million tons of food aid annually and of an equitable replenishment of the International Fund for Agricultural Development.

[ We also encourage all donors to meet the collective target of 500,000 tons for the International Food Reserve Programme. We stress the desirability of an improved grains agreement and measures to reduce fluctuations in agricultural markets . ]

28. Higher priority should be given to efforts to cope with population growth and to existing United Nations and other programmes for supporting these efforts.

29. We urge donor nations, including oil-exporting countries, to make every effort to maximise the flow of aid. We note the inadequate contribution of Communist countries to world development. We recognise the major role of private resource flows and the importance of a suitable climate in encouraging direct investment.

30. We strongly support the general capital increase of the World Bank, increases in the funding of the regional development banks, and the sixth replenishment of the International Development Association. We would welcome an increase in the rate of lending of these institutions, within the limits of their present replenishments, as needed to fulfill the programmes described above.

These replenishments are vital to the economic well-being of developing countries. It is therefore essential that all members, particularly the major donors, provide their full contributions on the agreed schedule.

31. We welcome the report of the Brandt Commission. We shall carefully consider its recommendations. We believe a North-South Summit, as suggested in that report, could be useful under appropriate circumstances and at a suitable time.

32. The situation created by large oil-generated payments imbalances, in particular those of oil-importing developing countries, requires a combination of determined actions by all countries to promote external adjustment and effective mechanisms for balance of payments financing. We look to the international capital market to continue to play the primary role in ~~re~~channeling these substantial oil surplus funds on the basis of sound lending standards. Private lending will need to be supplemented by an expanded role for international institutions, especially the International Monetary Fund (IMF). We are committed to the implementation of the agreed increase in IMF quotas, and support appropriate borrowing by the Fund if needed to meet financing requirements of its members. We welcome the IMF's readiness to play a growing part in the financing of payments imbalances. We encourage the IMF to seek ways in which it could, within its guidelines on conditionality, make it more attractive for countries with financing problems to use its resources. In particular, we support the IMF's examination of possible ways to reduce charges on credits to low income developing countries.

The IMF should work closely with the World Bank in responding to these problems. We welcome the Bank's innovative lending scheme for structural adjustment.

We urge oil-exporting countries to help the recycling process by increasing their direct lending to countries with financing problems and thus reducing the strain on other recycling mechanisms.



33. We reaffirm our commitment to stability in the foreign exchange markets. We recognise that our efforts to improve the fundamental conditions of our economies are essential to it. We note that the European Monetary System (EMS) has contributed to stability in foreign exchange markets. We will continue close cooperation in exchange market policies so as to avoid disorderly exchange rate fluctuations. We will also cooperate with the IMF to achieve more effective surveillance. We support continuing examination by the IMF of arrangements to provide for a more balanced evolution of the world reserve system.

34. In the 1980's we are resolved further to strengthen the open world trading system which has contributed so much to prosperity, employment, and productivity in the last thirty years. To that end we will resist pressures for protectionist actions, which can only be self-defeating and aggravate inflation.

35. We welcome the positive conclusion of the multilateral trade negotiations, and commit ourselves to early and effective implementation. In particular, we welcome the new non-tariff codes. We welcome the participation of some of our developing partners in the new codes and call upon others to participate. We also call for the full participation of as many countries as possible in strengthening the system of the General Agreement on Tariffs and Trade (GATT) as a framework for trading relationships in the 1980's. We will seek to make the GATT an increasingly effective international trade instrument. We urge the more advanced of our developing partners gradually to open their markets over the coming decade, in a manner commensurate with their growing economic strength and with their desire to ensure fuller integration into the world trading system.

36. We also welcome the OECD Ministerial Council's new trade declaration, including its commitments to resist protectionism, and seek further improvements in the world trading system.

37. We reaffirm our determination to avoid a harmful export credit race. To that end we shall work with the other participants to strengthen the International Arrangement on Export Credits with a view to reaching a mutually acceptable solution covering all aspects of the Arrangement by 1 December 1980. In particular, we shall seek to bring its terms closer to current market conditions and reduce distortions in export competition, recognizing the differentiated treatment of developing countries in the Arrangement.

38. As a further step in strengthening the international trading system, we commit our governments to work    for one more year    in the United Nations toward agreement to prohibit illicit payments to foreign government officials in international business transactions.    If that effort falters, we will seek to conclude an agreement among our countries, but open to all, with the same objective   .

- VIII - CONCLUSIONS

39. At this Summit we have been conscious of the seriousness of the problems facing the world in the coming decade. Inflation, unemployment, energy and development all pose major challenges. The key to an effective response is the greater effort to conserve and produce more energy on which we have agreed. That effort is essential if we are to succeed in overcoming inflation and unemployment, and it will also reinforce the cooperation we seek with developing countries on such global problems as energy, food and population. In pursuing this strategy we shall be able to draw on the remarkable potential of our democratic societies and meet the challenges of the coming decade to our own advantage and the benefit of the whole world.

PRESS STATEMENT ON HIJACKING

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[ At the request of the Heads of State and Government who participated in the Summit, I, in my capacity of chairman of the meeting, am pleased to make the following statement which concerns the declaration on air-hijacking issued in Bonn in July 1978. ]

The Heads of State and Government expressed their satisfaction at the broad support of the international community for the principles set out in the Bonn Declaration of July 1978 as well as in the international Conventions dealing with unlawful interference with civil aviation. The increasing adherence to these Conventions and the responsible attitude taken by States with respect to air-hijacking reflect the fact that these principles are being accepted by the international community as a whole.

While enforcement measures under the Declaration have not yet been necessary, the Heads of State and Government emphasize that hijacking remains a threat to international civil aviation and that there can be no relaxation of efforts to combat this threat. To this end they look forward to continuing cooperation with all other governments.



DRAFT DECLARATION ON THE TAKING OF  
DIPLOMATIC HOSTAGES

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Gravely concerned by recent incidents of terrorism involving the taking of hostages and attacks on diplomatic and consular premises and personnel, the Heads of State and Government reaffirm their determination to deter and combat such acts. They note the completion of work on the International Convention Against the Taking of Hostages and call on all States to consider becoming parties to it as well as to the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons of 1973.

The Heads of State and Government vigorously condemn the taking of hostages and the seizure of diplomatic and consular premises and personnel in contravention of the basic norms of international law and practice. They declare that their Governments will also cooperate for the purpose of bringing the perpetrators of such acts to justice. The Heads of State and Government urge all Governments to adopt policies which will contribute to the attainment of this goal and to take appropriate measures to deny terrorists any benefits from such criminal acts. They also resolve to provide to one another's diplomatic and consular missions support and assistance in situations involving the seizure of diplomatic and consular establishments or personnel.

The Heads of State and Government recall that every State has the duty under international law to refrain from organizing, instigating, assisting or participating in terrorist acts in another State or acquiescing in organised activities within its territory directed towards the commission of such acts, and deplore in the strongest terms any breach of this duty.

DRAFT STATEMENT ON REFUGEES

We are acutely conscious of the human suffering caused by the flow of refugees. We pledge ourselves to join with others in supporting refugees and in assisting their resettlement.

We call on those countries that are responsible for the problem to eliminate the causes of this human tragedy.