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CABINET

DEFENCE AND OVERSEAS POLICY COMMITTEE

RELATIONS WITH DEVELOPING COUNTRIES: GLOBAL NEGOTIATIONS AND
THE NORTH/SOUTH SUMMIT

Memorandum by the Secretary of State for Foreign and
Commonwealth Affairs

1. OD may like to be brought up to date on events in what is called the North/South Dialogue since their discussion of the subject on 4 August. No decisions are required at this juncture. But I may have to consult some of my colleagues at short notice if events accelerate at the United Nations in New York.

Global Negotiations

2. The Special Session of the UN General Assembly in August/September was intended to settle the procedures and agenda for the Global Negotiations, which are due to be launched in January 1981. In fact, only procedures were discussed.

3. As expected, the main difficulty arose over the relationship between the Global Negotiations and the Specialised Agencies, in particular the IMF and the World Bank. The developing countries (acting as a bloc, in spite of internal strains) wanted the Conference to have the power to take decisions about the structure and policies of the Specialised Agencies. The OECD countries were agreed in opposing this idea. But most of them, including seven Community members, were prepared to accept language on the procedures for the Conference which left the relationship ambiguous. The United States, with support from ourselves and West Germany, insisted on greater clarity; and no agreement was reached.

4. The matter has been remitted to the UN General Assembly, which is due to start debating the whole subject on 20 November. The American

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position has hardened since the Special Session. Besides, Governor Reagan's victory has reduced the margin of manoeuvre of the present Administration. Herr Genscher in Bonn has been uncomfortable about Germany's position, although he seems to be alone among German Ministers. The German President of the UN General Assembly, Herr Von Wechmar, has been active in promoting informal discussions, in the hope of breaking the deadlock.

5. A new draft text on procedures has now been worked out ad referendum in a small informal group (in which we were represented). This new text gives improved protection to the Specialised Agencies, but some difficulty remains. We are exploring US and German reactions.

6. The items under consideration for the agenda of the Global Negotiations are, for the most part, familiar from earlier North/South discussions, eg at UNCTAD or at the Conference on International Economic Cooperation held in Paris from 1975 to 1977. Two elements deserve special attention - energy and monetary questions.

7. On energy, the Global Negotiations remain the only opportunity in sight for the wide international discussion of energy problems, as I pointed out in OD(80)51. We therefore have an interest in proper discussion there on energy supply and price, so long as this can be achieved on acceptable terms. OPEC itself is in disarray because of the Iraq/Iran war. There are signs that individual oil producers are becoming sensitive to the difficulties suffered by non-oil developing countries because of costly and unreliable oil supplies. But we cannot expect the OPEC countries to do very much to help, or to become the primary target of discontent among the non-oil developing countries.

8. We are obliged by the terms of last year's General Assembly Resolution on the Global Negotiations to accept monetary questions on the agenda. Our concern with this part of the agenda is the same as our concern over procedures: to ensure that such matters are discussed in the IMF, as would be constitutionally right as well as technically efficient. The IMF is already devoting much attention to the problems of developing countries. Important decisions for their benefit were confirmed at the IMF/IBRD Annual Meeting in October and other measures are under discussion.

9. Much work remains to be done in New York if the Global

Negotiations are to start on schedule in January 1981. We should continue to defend our interests firmly. But, in presenting our case both within the Community and more widely, we must be careful not to appear unnecessarily obstructive. The Global Negotiations have acquired a strong political momentum and will probably happen.

North/South Summit

10. Plans for a North/South Summit are now firmer after a meeting of eleven 'sponsor' countries, including France, Germany and Canada, in Vienna on 7/8 November. The sponsors agreed to work for a Summit in early June 1981, with 21-26 participants. This will be before the Ottawa Economic Summit, but does give time for the new American Administration to decide on its attitude. The United Kingdom is firmly included among the participants, which is satisfactory. But neither Italy nor the Netherlands are on the list and this will cause difficulty within the Community. The sponsors also agreed to invite the Soviet Union and China. This will change the character of the meeting if both accept, though there is considerable doubt whether the Soviet Union will do so.

11. The sponsors will meet again next March to confirm the final list of participants and to issue invitations. They will also start discussing an agenda for the Summit. Most of the sponsors expect the Summit to be informal and unstructured - in part at least to avoid arousing undue expectations of concrete results. The link with the Global Negotiations will be imprecise.

12. I consider that the outcome of the sponsors' meeting is broadly satisfactory to us and that we should continue to make clear our readiness to attend such a summit.

Foreign and Commonwealth Office

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