

ECONOMIC SUMMITS

1975 - 1986

DECLARATIONS

ECONOMIC SUMMIT



VENEZIA 87

**ECONOMIC SUMMIT
VENEZIA 87**

FONDAZIONE CINI - ISOLA SAN GIORGIO - 8, 9, 10 GIUGNO 1987

ECONOMIC SUMMITS

1975-1986

DECLARATIONS

Edited by Istituto Affari
Internazionali, Rome
on the occasion of the 1987
Venice Economic Summit.

Printed by
Istituto Bancario San Paolo di Torino

TABLE OF CONTENTS

	PAGE
1975 <i>RAMBOUILLET</i>	
List of Participants	12
Declaration	13
1976 <i>SAN JUAN (Puerto Rico)</i>	
List of Participants	18
Declaration	19
1977 <i>LONDON (DOWNING STREET)</i>	
List of Participants	26
Declaration	27
Appendix	29
— World Economic Prospects	29
— Balance of Payments Financing	30
— Trade	31
— Energy	33
— North/South Relations	34
1978 <i>BONN</i>	
List of Participants	38
Declaration	39
— Growth, Employment and Inflation	39
— Energy	42
— Trade	44
— Relations with Developing Countries	46
— International Monetary Policy	47
— Conclusion	48
Statement on Air-Hijacking	48
1979 <i>TOKYO</i>	
List of Participants	50
Declaration	51
Special Statement of the Summit on Indochinese Refugees	57
Statement on Bonn Declaration	57

1980 *VENICE*

List of Participants	60
Declaration	61
— Introduction	61
— Inflation	62
— Energy	62
— Relations with Developing Countries	66
— Monetary Problems	68
— Trade	69
— Conclusions	70
Statement on the Taking of Diplomatic Hostages	70
Statement on Refugees	71
Political Topics	72
Statement on the Bonn Declaration	73

1981 *OTTAWA*

List of Participants	76
Declaration	77
— The Economy	77
— Relations with Developing Countries	79
— Trade	81
— Energy	82
— East/West Economic Relations	83
— Conclusion	83
Chairman's Summary of Political Issues	83
Statement on Terrorism	86

1982 *VERSAILLES*

List of Participants	90
Declaration	91
Statement on International Monetary Undertakings	95

1983 *WILLIAMSBURG (Virginia)*

List of Participants	98
Declaration	99
The Economic Recovery	99
Annex: Strengthening Economic Cooperation for Growth and Stability	102
Declaration on Security	104

1984 *LONDON*

List of Participants	108
Declaration	109
The Economy	109
Declaration on Democratic Values	116
Declaration on International Terrorism	117
Declaration on East-West Relations and Arms Control	118
Statement by the Chair: The Iraq/Iran Conflict	119

1985 *BONN*

List of Participants	122
Declaration	123
– Towards Sustained Growth and Higher Employment	123
– Growth and Employment	124
– Relations with Developing Countries	127
– Multilateral Trading System and International Monetary System	128
– Environmental Policies	129
Co-operation in Science and Technology	130
Political Declaration on the 40th Anniversary of the End of the Second World War	131

1986 *TOKYO*

List of Participants	136
Declaration	137
The Economy	137
Statement on International Terrorism	143
Statement on the Implications of the Chernobyl Nuclear Accident	145
Looking Forward to a Better Future	146

ANNEXES:

Thematic Index	149
Table: Issues and Summits	150
Basic Book References	152

RAMBOUILLET

NOVEMBER 15-17, 1975

LIST OF PARTICIPANTS

RAMBOUILLET, NOVEMBER 15-17, 1975

FEDERAL REPUBLIC OF GERMANY

Helmut Schmidt *Federal Chancellor*
Hans-Dietrich Genscher *Federal Minister of Foreign Affairs*
Hans Apel *Federal Minister of Finance*

FRANCE

Valéry Giscard d'Estaing *President*
Jean Sauvagnargues *Minister of Foreign Affairs*
Jean-Pierre Fourcade *Minister of the Economy and Finance*

ITALY

Aldo Moro *President of the Council of Ministers*
Mariano Rumor *Minister of Foreign Affairs*
Emilio Colombo *Minister of the Treasury*

JAPAN

Takeo Miki *Prime Minister*
Kiichi Miyazawa *Minister of Foreign Affairs*
Masayoshi Ohira *Minister of Finance*

UNITED KINGDOM

Harold Wilson *Prime Minister*
James Callaghan *Secretary of State for Foreign and Commonwealth Affairs*
Denis Healey *Chancellor of the Exchequer*

UNITED STATES OF AMERICA

Gerald Ford *President*
Henry Kissinger *Secretary of State*
William E. Simon *Secretary of the Treasury*

DECLARATION

The Heads of State and Government of France, the Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland, and the United States of America met in the Château de Rambouillet from 15th to 17th November, 1975, and agreed to declare as follows:

1. In these three days we held a searching and productive exchange of views on the world economic situation, on economic problems common to our countries, on their human, social and political implications, and on plans for resolving them.

2. We came together because of shared beliefs and shared responsibilities. We are each responsible for the government of an open, democratic society, dedicated to individual liberty and social advancement. Our success will strengthen, indeed is essential to democratic societies everywhere. We are each responsible for assuring the prosperity of a major industrial economy. The growth and stability of our economies will help the entire industrial world and developing countries to prosper.

3. To assure in a world of growing interdependence the success of the objectives set out in this declaration, we intend to play our own full part and strengthen our efforts for closer international cooperation and constructive dialogue among all countries, transcending differences in stages of economic development, degrees of resource endowment and political and social systems.

4. The industrial democracies are determined to overcome high unemployment, continuing inflation and serious energy problems. The purpose of our meeting was to review our progress, identify more clearly the problems that we must overcome in the future, and to set a course that we will follow in the period ahead.

5. The most urgent task is to assure the recovery of our economies and to reduce the waste of human resources involved in unemployment. In consolidating the recovery, it is essential to avoid unleashing additional inflationary forces which would threaten its success. The objective must be growth that is steady and lasting. In this way, consumer and business confidence will be restored.

6. We are confident that our present policies are compatible and complementary and that recovery is under way. Nevertheless, we recognize the need for vigilance and adaptability in our policies. We will not allow the recovery to falter. We will not accept another outburst of inflation.

7. We also concentrated on the need for new efforts in the areas of world trade, monetary matters and raw materials, including energy.

8. As domestic recovery and economic expansion proceed, we must seek to restore growth in the volume of world trade. Growth and price stability will be fostered by maintenance of an open trading system. In a period where pressures are developing for a return to protectionism, it is essential for the main trading nations to confirm their commitment to the principles of the OECD (Organization for Economic Cooperation and Development) pledge and to avoid resorting to measures by which they could try to solve their problems at the expense of others, with damaging consequences in the economic, social and political fields. There is a responsibility on all countries, especially those with strong balance of payments positions and on those with current deficits, to pursue policies which will permit the expansion of world trade to their mutual advantage.

9. We believe that the multilateral trade negotiations should be accelerated. In accordance with the principles agreed to in the Tokyo Declaration, they should aim at achieving substantial tariff cuts, even eliminating tariffs in some areas, and at significantly expanding agricultural trade and at reducing non-tariff measures. They should seek to achieve the maximum possible level of trade liberalization therefrom. We propose as our goal completion of the negotiations in 1977.

10. We look to an orderly and fruitful increase in our economic relations with Socialist countries as an important element in progress in detente, and in world economic growth. We will also intensify our efforts to achieve a prompt conclusion of the negotiations concerning export credits.

11. With regard to monetary problems, we affirm our intention to work for greater stability. This involves efforts to restore greater stability in underlying economic and financial conditions in the world economy. At the same time, our monetary authorities will act to counter disorderly market conditions, or erratic fluctuations, in exchange rates. We welcome the rapprochement, reached at the request of many other countries, between the views of the U.S. and France on the need for stability that the reform of the international monetary system must promote. This rapprochement will facilitate agreement through the IMF (International Monetary Fund) at the next session of the Interim Committee in Jamaica on the outstanding issues of international monetary reform.

12. A cooperative relationship and improved understanding between the developing nations and the industrial world is fundamental to the prosperity of each. Sustained growth in our economies is necessary to growth in developing countries: and their growth contributes significantly to health in our own economies. The present large deficits in the current accounts of the developing countries represent a critical problem for them and also for the rest of the world. This must be dealt with in a number of complementary ways. Recent proposals in several international meetings have already improved the atmosphere of the discussion between developed and developing countries. But early practical action is needed to assist the developing countries. Accordingly, we will play our part, through the IMF and other appropriate international fora, in making urgent improvements in international arrangements for the stabilization of the export earnings of developing countries and in measures to assist them in financing their deficits. In this context, priority should be given to the poorest developing countries.

13. World economic growth is clearly linked to the increasing availability of energy sources. We are determined to secure for our economies the energy sources needed for their growth. Our common interests require that we continue to cooperate in order to reduce our dependence on imported energy through conservation and the development of alternative sources. Through these measures as well as international cooperation between producer and consumer countries, responding to the long-term interests of both, we shall spare no effort in order to ensure more balanced conditions and a harmonious and steady development in the world energy market.

14. We welcome the convening of the Conference on International Economic Cooperation scheduled for December 16. We will conduct this dialogue in a positive spirit to assure that the interests of all concerned are protected and advanced. We believe that industrialized and developing countries alike have a critical stake in the future success of the world economy and in the cooperative political relationship on which it must be based.

15. We intend to intensify our cooperation on all these problems in the framework of existing institutions as well as in all the relevant international organizations.

SAN JUAN

(PUERTO RICO)

JUNE 27-28, 1976

LIST OF PARTICIPANTS

SAN JUAN (PUERTO RICO), JUNE 27-28, 1976

CANADA

Pierre Elliot Trudeau *Prime Minister*
Allan J. MacEachen *Secretary of State for External Affairs*
Donald MacDonald *Minister of Finance*

FEDERAL REPUBLIC OF GERMANY

Helmut Schmidt *Federal Chancellor*
Hans-Dietrich Genscher *Federal Minister for Foreign Affairs*
Hans Apel *Federal Minister of Finance*

FRANCE

Valéry Giscard d'Estaing *President*
Jean Sauvagnargues *Minister of Foreign Affairs*
Jean-Pierre Fourcade *Minister of the Economy and Finance*

ITALY

Aldo Moro *President of the Council of Ministers*
Mariano Rumor *Minister of Foreign Affairs*
Emilio Colombo *Minister of the Treasury*

JAPAN

Takeo Miki *Prime Minister*
Kiichi Miyazawa *Minister of Foreign Affairs*
Masayoshi Ohira *Minister of Finance*

UNITED KINGDOM

James Callaghan *Prime Minister*
Anthony Crosland *Secretary of State for Foreign and Commonwealth Affairs*
Denis Healey *Chancellor of the Exchequer*

UNITED STATES OF AMERICA

Gerald Ford *President*
Henry Kissinger *Secretary of State*
William E. Simon *Secretary of the Treasury*

DECLARATION

The Heads of State and Government of Canada, France, the Federal Republic of Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America met at Dorado Beach, Puerto Rico, on the 27th and 28th of June, 1976, and agreed to the following declaration:

1. The interdependence of our destinies makes it necessary for us to approach common economic problems with a sense of common purpose and to work toward mutually consistent economic strategies through better cooperation.

2. We consider it essential to take into account the interests of other nations. And this is most particularly true with respect to the developing countries of the world.

3. It was for these purposes that we held a broad and productive exchange of views on a wide range of issues. This meeting provided a welcome opportunity to improve our mutual understanding and to intensify our cooperation in a number of areas. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

4. At Rambouillet, economic recovery was established as a primary goal and it was agreed that the desired stability depends upon the underlying economic and financial conditions in each of our countries.

5. Significant progress has been achieved since Rambouillet. During the recession there was widespread concern regarding the longer-run vitality of our economies. These concerns have proved to be unwarranted. Renewed confidence in the future has replaced doubts about the economic and financial outlook. Economic recovery is well under way and in many of our countries there has been substantial progress

in combatting inflation and reducing unemployment. This has improved the situation in those countries where economic recovery is still relatively weak.

6. Our determination in recent months to avoid excessive stimulation of our economies and new impediments to trade and capital movements has contributed to the soundness and breadth of this recovery. As a result, restoration of balanced growth is within our grasp. We do not intend to lose this opportunity.

7. Our objective now is to manage effectively a transition to expansion which will be sustainable, which will reduce the high level of unemployment which persists in many countries and will not jeopardize our common aim of avoiding a new wave of inflation. That will call for an increase in productive investment and for partnership among all groups within our societies. This will involve acceptance, in accordance with our individual needs and circumstances, of a restoration of better balance in public finance, as well as of disciplined measures in the fiscal area and in the field of monetary policy and in some cases supplementary policies, including incomes policy. The formulation of such policies, in the context of growing interdependence, is not possible without taking into account the course of economic activity in other countries. With the right combination of policies we believe that we can achieve our objectives of orderly and sustained expansion, reducing unemployment and renewed progress toward our common goal of eliminating the problem of inflation. Sustained economic expansion and the resultant increase in individual well-being cannot be achieved in the context of high rates of inflation.

8. At the meeting last November, we resolved differences on structural reform of the international monetary system and agreed to promote a stable system of exchange rates which emphasized the prerequisite of developing stable underlying economic and financial conditions.

9. With those objectives in mind, we reached specific understandings, which made a substantial contribution to the IMF meeting in Jamaica. Early legislative ratification of these agreements by all con-

cerned is desirable. We agreed to improve cooperation in order to further our ability to counter disorderly market conditions and increase our understanding of economic problems and the corrective policies that are needed. We will continue to build on this structure of consultations.

10. Since November the relationship between the dollar and most of the main currencies has been remarkably stable. However, some currencies have suffered substantial fluctuations.

11. The needed stability in underlying economic and financial conditions clearly has not yet been restored. Our commitment to deliberate orderly and sustained expansion, and to the indispensable companion goal of defeating inflation, provides the basis for increased stability.

12. Our objective of monetary stability must not be undermined by the strains of financing international payments imbalances. We thus recognize the importance of each nation managing its economy and its international monetary affairs so as to correct or avoid persistent or structural international payments imbalances. Accordingly, each of us affirms his intention to work toward a more stable and durable payments structure through the application of appropriate internal and external policies.

13. Imbalances in world payments may continue in the period ahead. We recognize that problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits. We agree to continue to cooperate with others in the appropriate bodies on further analysis of these problems with a view to their resolution. If assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, then it can best be provided by multilateral means coupled with a firm program for restoring underlying equilibrium.

14. In the trade area, despite the recent recession, we have been generally successful in maintaining an open trading system. At the

OECD we reaffirmed our pledge to avoid the imposition of new trade barriers.

15. Countries yielding to the temptation to resort to commercial protectionism would leave themselves open to a subsequent deterioration in their competitive standing: the vigor of their economies would be affected while at the same time chain reactions would be set in motion and the volume of world trade would shrink, hurting all countries. Wherever departures from the policy set forth in the recently renewed OECD trade pledge occur, elimination of the restrictions involved is essential and urgent. Also, it is important to avoid deliberate exchange rate policies which would create severe distortions in trade and lead to a resurgence of protectionism.

16. We have all set ourselves the objective of completing the Multilateral Trade Negotiations by the end of 1977. We hereby reaffirm that objective and commit ourselves to make every effort through the appropriate bodies to achieve it in accordance with the Tokyo Declaration.

17. Beyond the conclusion of the trade negotiations we recognize the desirability of intensifying and strengthening relationships among the major trading areas with a view to the long-term goal of a maximum expansion of trade.

18. We discussed East/West economic relations. We welcomed in this context the steady growth of East/West trade, and expressed the hope that economic relations between East and West would develop their full potential on a sound financial and reciprocal commercial basis. We agreed that this process warrants our careful examination, as well as efforts on our part to ensure that these economic ties enhance overall East/West relationships. We welcome the adoption by the participating countries of converging guidelines with regard to export credits. We hope that these guidelines will be adopted as soon as possible by as many countries as possible.

19. In the pursuit of our goal of sustained expansion, the flow of capital facilitates the efficient allocation of resources and thereby

enhances our economic well-being. We, therefore, agree on the importance of a liberal climate for international investment flows. In this regard, we view as a constructive development the declaration which was announced last week when the OECD Council met at the Ministerial level.

20. In the field of energy, we intend to make efforts to develop, conserve and use rationally the various energy resources and to assist the energy development objectives of developing countries.

21. We support the aspirations of the developing nations to improve the lives of their peoples. The role of the industrialized democracies is crucial to the success of their efforts. Cooperation between the two groups must be based on mutual respect, take into consideration the interests of all parties and reject unproductive confrontation in favor of sustained and concerted efforts to find constructive solutions to the problems of development.

22. The industrialized democracies can be most successful in helping the developing countries meet their aspirations by agreeing on, and cooperating to implement, sound solutions to their problems which enhance the efficient operation of the international economy. Close collaboration and better coordination are necessary among the industrialized democracies; our efforts must be mutually supportive, not competitive. Our efforts for international economic cooperation must be considered as complementary to the policies of the developing countries themselves to achieve sustainable growth and rising standards of living.

23. At Rambouillet, the importance of a cooperative relationship between the developed and developing nations was affirmed; particular attention was directed to following up the results of the Seventh Special Session of the UN General Assembly, and especially to addressing the balance of payments problems of some developing countries. Since then, substantial progress has been made. We welcome the constructive spirit which prevails in the work carried out in the framework of the Conference on International Economic Cooperation, and also the positive results achieved in some areas at UNCTAD IV in Nairobi. New

measures taken in the IMF have made a substantial contribution to stabilizing the export earnings of the developing countries and to helping them finance their deficits.

24. We attach the greatest importance to the dialogue between developed and developing nations in the expectation that it will achieve concrete results in areas of mutual interest. And we reaffirm our countries' determination to participate in this process in the competent bodies, with a political will to succeed, looking toward negotiations in appropriate cases. Our common goal is to find practical solutions which contribute to an equitable and productive relationship among all peoples.

LONDON

(DOWNING STREET)

MAY 7-8, 1977

LIST OF PARTICIPANTS

LONDON (DOWNING STREET), MAY 7-8, 1977

CANADA	Pierre Elliot Trudeau <i>Prime Minister</i> Donald Jamieson <i>Secretary of State for External Affairs</i> Donald MacDonald <i>Minister of Finance</i>
FEDERAL REPUBLIC OF GERMANY	Helmut Schmidt <i>Federal Chancellor</i> Hans-Dietrich Genscher <i>Federal Minister for Foreign Affairs</i> Hans Apel <i>Federal Minister of Finance</i>
FRANCE	Valéry Giscard d'Estaing <i>President</i> Raymond Barre <i>Prime Minister and Minister of Economy and Finance</i> Louis De Guiringaud <i>Minister of Foreign Affairs</i>
ITALY	Giulio Andreotti <i>President of the Council of Ministers</i> Arnaldo Forlani <i>Minister of Foreign Affairs</i> Gaetano Stammati <i>Minister of the Treasury</i>
JAPAN	Takeo Fukuda <i>Prime Minister</i> Ichiro Hatoyama <i>Minister for Foreign Affairs</i> Hideo Bō <i>Minister of Finance</i>
UNITED KINGDOM	James Callaghan <i>Prime Minister</i> David Owen <i>Secretary of State for Foreign and Commonwealth Affairs</i> Denis Healey <i>Chancellor of the Exchequer</i>
UNITED STATES OF AMERICA	Jimmy Carter <i>President</i> Cyrus Vance <i>Secretary of State</i> W. Michael Blumenthal <i>Secretary of the Treasury</i>
EUROPEAN COMMUNITIES	Roy Jenkins <i>President of the Commission</i>

DECLARATION

In two days of intensive discussion at Downing Street we have agreed on how we can best help to promote the well-being both of our countries and of others.

The world economy has to be seen as a whole; it involves not only co-operation among national governments, but also strengthening appropriate international organizations. We were reinforced in our awareness of the interrelationship of all the issues before us, as well as our own interdependence. We are determined to respond collectively to the challenges of the future.

Our most urgent task is to create more jobs while continuing to reduce inflation. Inflation does not reduce unemployment. On the contrary, it is one of its major causes. We are particularly concerned about the problem of unemployment among young people. We have agreed that there will be an exchange of experience and ideas on providing the young with job opportunities.

We commit our governments to stated economic growth targets or to stabilization policies which, taken as a whole, should provide a basis for sustained non-inflationary growth, in our own countries and worldwide and for reduction of imbalances in international payments.

Improved financing facilities are needed. The International Monetary Fund must play a prominent role. We commit ourselves to seek additional resources for the IMF and support the linkage of its lending practices to the adoption of appropriate stabilization policies.

We will provide strong political leadership to expand opportunities for trade to strengthen the open international trading system, which will increase job opportunities. We reject protectionism: it would foster unemployment, increase inflation and undermine the welfare of our

peoples. We will give a new impetus to the Tokyo Round of Multilateral Trade Negotiations. Our objective is to make substantive progress in key areas in 1977. In this field structural changes in the world economy must be taken into consideration.

We will further conserve energy and increase and diversify energy production, so that we reduce our dependence on oil. We agree on the need to increase nuclear energy to help meet the world's energy requirements. We commit ourselves to do this while reducing the risks of nuclear proliferation. We are launching an urgent study to determine how best to fulfill these purposes.

The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. We are agreed to do all in our power to achieve a successful conclusion of the CIEC and we commit ourselves to a continued constructive dialogue with developing countries. We aim to increase the flow of aid and other real resources to those countries. We invite the COMECON countries to do the same. We support multilateral institutions such as the World Bank, whose general resources should be increased sufficiently to permit its lending to rise in real terms. We stress the importance of secure private investments to foster world economic progress.

To carry out these tasks we need the assistance and co-operation of others. We will seek that co-operation in appropriate international institutions, such as the United Nations, the World Bank, the IMF, the GATT, and OECD. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

In our discussions we have reached substantial agreement. Our firm purpose is now to put that agreement into action. We shall review progress on all the measures we have discussed here at Downing Street in order to maintain the momentum of recovery.

The message of the Downing Street Summit is thus one of confidence:

- In the continuing strength of our societies and the proven democratic principles that give them vitality;
- That we are undertaking the measures needed to overcome problems and achieve a more prosperous future.

APPENDIX

World Economic Prospects

Since 1975 the world economic situation has been improving gradually. Serious problems, however, still persist in all of our countries. Our most urgent task is to create jobs while continuing to reduce inflation. Inflation is not a remedy to unemployment but one of its major causes. Progress in the fight against inflation has been uneven. The needs for adjustment between surplus and deficit countries remain large. The world has not yet fully adjusted to the depressive effects of the 1974 oil price rise.

We commit our governments to targets for growth and stabilization which vary from country to country but which, taken as a whole, should provide a basis for sustained non-inflationary growth worldwide.

Some of our countries have adopted reasonably expansionist growth targets for 1977. The governments of these countries will keep their policies under review, and commit themselves to adopt further policies, if needed, to achieve their stated target rates and to contribute to the adjustment of payments imbalances. Others are pursuing stabilization policies designed to provide a basis for sustained growth without increasing inflationary expectations. The governments of these countries will continue to pursue those goals.

These two sets of policies are interrelated. Those of the first group of countries should help to create an environment conducive to expansion in the others without adding to inflation. Only if growth rates

can be maintained in the first group and increased in the second, and inflation tackled successfully in both, can unemployment be reduced.

We are particularly concerned about the problem of unemployment among young people. Therefore we shall promote the training of young people in order to build a skilled and flexible labour force so that they can be ready to take advantage of the upturn in economic activity as it develops. All of our governments, individually or collectively, are taking appropriate measures to this end. We must learn as much as possible from each other and agree to exchange experiences and ideas.

Success in managing our domestic economies will not only strengthen world economic growth but also contribute to success in four other main economic fields to which we now turn — balance of payments financing, trade, energy, and North-South relations. Progress in these fields will in turn contribute to world economic recovery.

Balance of Payments Financing

For some years to come oil-importing nations, as a group, will be facing substantial payments deficits and importing capital from OPEC nations to finance them. The deficit for the current year could run as high as \$45 billion. Only through a reduction in our dependence on imported oil and a rise in the capacity of oil-producing nations to import can that deficit be reduced.

This deficit needs to be distributed among the oil-consuming nations in a pattern compatible with their ability to attract capital on a continuing basis. The need for adjustment to this pattern remains large, and it will take much international co-operation, and determined action by surplus as well as deficit countries, if continuing progress is to be made. Strategies of adjustment in the deficit countries must include emphasis on elimination of domestic sources of inflation and improvement in international cost-price relationships. It is important that industrial countries in relatively strong payments positions should ensure continued adequate expansion of domestic demand, within prudent limits. Moreover these countries, as well as other countries in

strong payments positions, should promote increased flows of long-term capital exports.

The International Monetary Fund must play a prominent role in balance of payments financing and adjustment. We therefore strongly endorse the recent agreement of the Interim Committee of the IMF to seek additional resources for that organization and to link IMF lending to the adoption of appropriate stabilization policies. These added resources will strengthen the ability of the IMF to encourage and assist member countries in adopting policies which will limit payments deficits and warrant their financing through the private markets. These resources should be used with the conditionality and flexibility required to encourage an appropriate pace of adjustment.

This IMF proposal should facilitate the maintenance of reasonable levels of economic activity and reduce the danger of resorting to trade and payments restrictions. It demonstrates co-operation between oil-exporting nations, industrial nations in stronger financial positions, and the IMF. It will contribute materially to the health and progress of the world economy. In pursuit of this objective, we also reaffirm our intention to strive to increase monetary stability.

We agreed that the international monetary and financial system, in its new and agreed legal framework, should be strengthened by the early implementation of the increase in quotas. We will work towards an early agreement within the IMF on another increase in the quotas of that organization.

Trade

We are committed to providing strong political leadership for the global effort to expand opportunities for trade and to strengthen the open international trading system. Achievement of these goals is central to world economic prosperity and the effective resolution of economic problems faced by both developed and developing countries throughout the world.

Policies of protectionism foster unemployment, increase inflation and undermine the welfare of our peoples. We are therefore agreed on the need to maintain our political commitment to an open and non-discriminatory world trading system. We will seek both nationally and through the appropriate international institutions to promote solutions that create new jobs and consumer benefits through expanded trade and to avoid approaches which restrict trade.

The Tokyo Round of Multilateral Trade Negotiations must be pursued vigorously. The continuing economic difficulties make it even more essential to achieve the objectives of the Tokyo Declaration and to negotiate a comprehensive set of agreements to the maximum benefit of all. Toward this end, we will seek this year to achieve substantive progress in such key areas as:

1. A tariff reduction plan of broadest possible application designed to achieve a substantial cut and harmonization and in certain cases the elimination of tariffs;
2. Codes, agreements and other measures that will facilitate a significant reduction of non-tariff barriers to trade and the avoidance of new barriers in the future and that will take into account the structural changes which have taken place in the world economy;
3. A mutually acceptable approach to agriculture that will achieve increased expansion and stabilization of trade, and greater assurance of world food supplies.

Such progress should not remove the right of individual countries under existing international agreements to avoid significant market disruption.

While seeking to conclude comprehensive and balanced agreements on the basis of reciprocity among all industrial countries we are determined, in accordance with the aims of the Tokyo Declaration, to ensure that the agreements provide special benefits to developing countries.

We welcome the action taken by governments to reduce counter-productive competition in officially-supported export credits and pro-

pose that substantial further efforts be made this year to improve and extend the present consensus in this area.

We consider that irregular practices and improper conduct should be eliminated from international trade, banking and commerce, and we welcome the work being done toward international agreements prohibiting illicit payments.

Energy

We welcome the measures taken by a number of governments to increase energy conservation, and most recently the programme announced by the President of the United States. The increase in demand for energy and oil imports continues at a rate which places excessive pressure on the world's depleting hydrocarbon resources. We agree therefore on the need to do everything possible to strengthen our efforts still further.

We are committed to national and joint efforts to limit energy demand and to increase and diversify supplies. There will need to be greater exchanges of technology and joint research and development aimed at more efficient energy use, improved recovery and use of coal and other conventional resources and the development of new energy sources.

Increasing reliance will have to be placed on nuclear energy to satisfy growing energy requirements and to help diversify sources of energy. This should be done with the utmost precaution with respect to the generation and dissemination of material that can be used for nuclear weapons. Our objective is to meet the world's energy needs and to make peaceful use of nuclear energy widely available, while avoiding the danger of the spread of nuclear weapons. We are also agreed that, in order to be effective, non-proliferation policies should as far as possible be acceptable to both industrialized and developing countries alike. To this end, we are undertaking a preliminary analysis to be completed within two months of the best means of advancing these objectives,

including the study of terms of reference for international fuel cycle evaluation.

The oil-importing developing countries have special problems both in securing and in paying for the energy supplies needed to sustain their economic development programmes. They require additional help in expanding their domestic energy production and to this end we hope the World Bank, as its resources grow, will give special emphasis to projects that serve this purpose.

We intend to do our utmost to ensure, during this transitional period, that the energy market functions harmoniously, in particular through strict conservation measures and the development of all our energy resources. We hope very much that the oil-producing countries will take these efforts into account and will make their contribution as well.

We believe that these activities are essential to enable all countries to have continuing energy supplies now and for the future at reasonable prices consistent with sustained non-inflationary economic growth: and we intend through all useful channels to concert our policies in continued consultation and co-operation with each other and with other countries.

North/South Relations

The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. Progress has been made. The industrial countries have maintained an open market system despite a deep recession. They have increased aid flows, especially to poorer nations. Some \$8 billion will be available from the IDA for these nations over the next three years, as we join others in fulfilling pledges to its fifth replenishment. The IMF has made available to developing countries, under its compensatory financing facility, nearly an additional \$2 billion last year. An international fund for agricultural development has been created, based on common efforts by the developed OPEC and other developing nations.

The progress and the spirit of co-operation that have emerged can serve as an excellent base for further steps. The next step will be the successful conclusion of the Conference on International Economic Co-operation and we agreed to do all in our power to achieve this.

We shall work:

1. To increase the flow of aid and other real resources from the industrial to developing countries, particularly to the 800 million people who now live in absolute poverty; and to improve the effectiveness of aid;
2. To facilitate developing countries' access to sources of international finance;
3. To support such multilateral lending institutions as the World Bank, whose lending capacity we believe will have to be increased in the years ahead to permit its lending to increase in real terms and widen in scope;
4. To promote the secure investment needed to foster world economic development;
5. To secure productive results from negotiations about the stabilization of commodity prices and the creation of a common fund for individual buffer stock agreements and to consider problems of the stabilization of export earnings of developing countries; and...
6. To continue to improve access in a non-disruptive way to the markets of industrial countries for the products of developing nations.

It is desirable that these actions by developed and developing countries be assessed and concerted in relation to each other and to the larger goals that our countries share. We hope that the World Bank, together with the IMF, will consult with other developed and developing countries in exploring how this could best be done.

The well-being of the developed and developing nations are bound up together. The developing countries' growing prosperity benefits in-

LONDON (DOWNING STREET), MAY 7-8, 1977

dustrial countries, as the latter's growth benefits developing nations. Both developed and developing nations have a mutual interest in maintaining a climate conducive to stable growth worldwide.

BONN

JULY 16-17, 1978

LIST OF PARTICIPANTS

BONN, JULY 16-17, 1978

CANADA	Pierre Elliot Trudeau <i>Prime Minister</i> Donald Jamieson <i>Secretary of State for External Affairs</i> Jean Chrétien <i>Minister of Finance</i>
FEDERAL REPUBLIC OF GERMANY	Helmut Schmidt <i>Federal Chancellor</i> Hans-Dietrich Genscher <i>Federal Minister for Foreign Affairs</i> Hans Matthöfer <i>Federal Minister of Finance</i> Otto Lambsdorff <i>Federal Minister of Economy</i>
FRANCE	Valéry Giscard d'Estaing <i>President</i> Louis De Guiringaud <i>Minister of Foreign Affairs</i> René Monory <i>Minister of the Economy and Finance</i>
ITALY	Giulio Andreotti <i>President of the Council of Ministers</i> Arnaldo Forlani <i>Minister of Foreign Affairs</i> Filippo Maria Pandolfi <i>Minister of the Treasury</i>
JAPAN	Takeo Fukuda <i>Prime Minister</i> Sunao Sonoda <i>Minister for Foreign Affairs</i> Tatsuo Murayama <i>Minister of Finance</i>
UNITED KINGDOM	James Callaghan <i>Prime Minister</i> David Owen <i>Secretary of State for Foreign and Commonwealth Affairs</i> Denis Healey <i>Chancellor of the Exchequer</i>
UNITED STATES OF AMERICA	Jimmy Carter <i>President</i> Cyrus Vance <i>Secretary of State</i> W. Michael Blumenthal <i>Secretary of the Treasury</i>
EUROPEAN COMMUNITIES	Roy Jenkins <i>President of the Commission</i>

DECLARATION

The Heads of State and Government of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America met in Bonn on 16th and 17th July 1978. The European Community was represented by the President of the European Council and by the President of the European Commission for discussion of matters within the Community's competence.

1. We agreed on a comprehensive strategy covering growth, employment and inflation, international monetary policy, energy, trade and other issues of particular interest to developing countries. We must create more jobs and fight inflation, strengthen international trading, reduce payments imbalances, and achieve greater stability in exchange markets. We are dealing with long-term problems, which will only yield to sustained efforts. This strategy is a coherent whole, whose parts are interdependent. To this strategy, each of our countries can contribute. From it, each can benefit.

Growth, Employment and Inflation

2. We are concerned, above all, about worldwide unemployment, because it has been at too high a level for many years, because it hits hardest at the most vulnerable sections of the population, because its economic cost is high and its human cost higher still. We will act, through measures to assure growth and develop needed skills, to increase employment. In doing this, we will build on the progress that has already been made in the fight against inflation and will seek new successes in that fight. But we need an improvement in growth where that can be achieved without rekindling inflation in order to reduce

extremes of balance-of-payments surpluses and deficits. This will reduce destabilizing exchange-rate movements.

Improved growth will help to reduce protectionist pressures. We need it also to encourage the flow of private investment, on which economic progress depends. We will seek to reduce impediments to private investment, both domestically and internationally. Better growth is needed to insure that the free world is able to develop to meet the expectations of the citizens and the aspirations of the developing countries.

3. A program of different actions by countries that face different conditions is needed to assure steady non-inflationary growth. In countries whose balance-of-payments situation and inflation rate do not impose special restrictions, this requires a faster rise in domestic demand. In countries where rising prices and costs are creating strong pressures, this means taking new measures against inflation.

Canada reaffirmed its intention, within the limits permitted by the need to contain and reduce inflation, to achieve higher growth of employment and an increase in output of up to 5 percent.

As a contribution to avert the worldwide disturbances of economic equilibrium, the German delegation has indicated that by the end of August, it will propose to the legislative bodies additional and quantitatively substantial measures up to 1 percent of Gross National Product, designed to achieve a significant strengthening of demand and a higher rate of growth. The order of magnitude will take account of the absorptive capacity of the capital market and the need to avoid inflationary pressures.

The President of the French Republic has indicated that, while pursuing its policy of reduction of the rate of inflation, the French Government agrees, as a contribution to the common effort, to increase by an amount of about 0.5 percent of GNP the deficit of the budget of the State for the year 1978.

The Italian Prime Minister has indicated that the Government undertakes to raise the rate of economic growth in 1979 by 1.5 percentage

points with respect to 1978. It plans to achieve this goal by cutting public current expenditure while stimulating investment with the aim of increasing employment in a non-inflationary context.

The Prime Minister of Japan has referred to the fact that his Government is striving for the attainment of the real growth target for fiscal year 1978, which is about 1.5 percentage points higher than the performance of the previous year, mainly through the expansion of domestic demand. He has further expressed his determination to achieve the said target by taking appropriate measures as necessary. In August or September he will determine whether additional measures are needed.

The United Kingdom, having achieved a major reduction in the rate of inflation and improvement in the balance of payments, has recently given a fiscal stimulus equivalent to just over 1 percent of GNP. The Government intends to continue the fight against inflation so as to improve still further the prospects for growth and employment.

The President of the United States stated that reducing inflation is essential to maintaining a healthy United States economic policy. He identified the major actions that have been taken and are being taken to counter inflation in the United States: tax cuts originally proposed for fiscal year 1979 have now been reduced by \$10 billion. Government expenditure projections for 1978 and 1979 have been reduced. A very tight budget is being prepared for 1980. Steps are being taken to reduce the direct contribution by Government regulations or restrictions to rising costs and prices, and a voluntary program has been undertaken to achieve deceleration of wages and prices.

The meeting took note with satisfaction that the common approach of the European Community already agreed at Bremen would reinforce the effectiveness of this program.

Energy

4. In spite of some improvement, the present energy situation remains unsatisfactory. Much more needs to be done.

5. We are committed to reduce our dependence on imported oil.

6. We note that the European Community has already agreed at Bremen the following objectives for 1985: to reduce the Community's dependence on imported energy to 50 percent, to limit net oil imports, and to reduce to 0.8 the ratio between the rate of increase in energy consumption and the rate of increase in gross domestic product.

7. Recognizing its particular responsibility in the energy field, the United States will reduce its dependence on imported oil. The United States will have in place by the end of the year a comprehensive policy framework within which this effort can be urgently carried forward. By year end, measures will be in effect that will result in oil import savings of approximately 2.5 million barrels per day by 1985. In order to achieve these goals, the United States will establish a strategic oil reserve of 1 billion barrels. It will increase coal production by two-thirds, it will maintain the ratio between growth in gross national product and growth in energy demand at or below 0.8 and its oil consumption will grow more slowly than energy consumption. The volume of oil imported in 1978 and 1979 should be less than that imported in 1977. In order to discourage excessive consumption of oil and to encourage the movement toward coal, the United States remains determined that the prices paid for oil in the United States shall be raised to the world level by the end of 1980.

8. We hope that the oil-exporting countries will continue to contribute to a stable world energy situation.

9. Looking to the longer term, our countries will review their national energy programs with a view to speeding them up. General energy targets can serve as useful measures of the progress achieved.

10. Private and public investment to produce energy and to use it

more efficiently within the industrial world should be increased. This can contribute significantly to economic growth.

11. The further development of nuclear energy is indispensable, and the slippage in the execution of nuclear power programs must be reversed. To promote the peaceful use of nuclear energy and reduce the risk of nuclear proliferation, the nuclear-fuel cycle studies initiated at the London Summit should be pursued. The President of the United States and the Prime Minister of Canada have expressed their firm intention to continue as reliable suppliers of nuclear fuel within the framework of effective safeguards. The President intends to use the full powers of his office to prevent any interruption of enriched uranium supply and to ensure that existing agreements will be respected. The Prime Minister intends that there shall be no interruption of Canadian uranium supply on the basis of effective safeguards.

12. Coal should play an increasingly important role in the long term.

13. Joint or coordinated energy research and development should be carried out to hasten the development of new, including renewable, energy sources and the more efficient use of existing sources.

14. In energy development, the environment and human safety of the population must be safeguarded with greatest care.

15. To help developing countries, we will intensify our national development assistance programs in the energy field and we will develop a coordinated effort to bring into use renewable energy technologies and to elaborate the details within one year. We suggest that the OECD will provide the medium for cooperation with other countries.

16. We stress the need for improvement and coordination of assistance for developing countries in the energy field. We suggest that the World Bank explore ways in which its activities in this field can be made increasingly responsive to the needs of the developing countries, and to examine whether new approaches, particularly to financing hydrocarbon exploration, would be useful.

Trade

17. We reaffirm our determination to expand international trade, one of the driving forces for more sustained and balanced economic growth. Through our joint efforts we will maintain and strengthen the open international trading system. We appreciate and support the progress as set forth in the framework of understanding on the Tokyo Round of Multilateral Trade Negotiations made public in Geneva on July 13, 1978, even though within this framework of understanding some difficult and important issues remain unresolved.

The successful conclusion of these negotiations, the biggest yet held, would mean not just a major trade-liberalization program extending over the 1980s, but the most important progress yet made in the GATT in relation to non-tariff measures. Thus the GATT rules would be brought more closely into line with the requirements of the next decade — particularly in relation to safeguards — in ways which would avoid any weakening of the world trading system and be of benefit to all trading countries, developed and developing alike. A substantially higher degree of equity and discipline in the international trading system would be achieved by the creation of new mechanisms in many fields for consultation and dispute settlement. Uniform application of the GATT rules is vital and we shall move in that direction as soon as possible.

In all areas of the negotiations, the summit countries look forward to working even more closely with the developing countries. We seek to ensure for all participants a sound and balanced result, which adequately takes into account the needs of developing countries, for example, through special and differential treatment, and which brings about their greater participation in the benefits and obligations of the world trading system.

At last year's Downing Street summit we rejected a protectionist course for world trade. We agreed to give a new impetus to the Tokyo Round. Our negotiators have fulfilled that commitment. Today we charge them, in cooperation with the other participants, to resolve the

outstanding issues and to conclude successfully the detailed negotiations by December 15, 1978.

18. We note with satisfaction the renewal of the pledge to maintain an open-market oriented economic system made by the OECD Council of Ministers last month. Today's world economic problems cannot be solved by relapsing into open or concealed protectionism.

19. We welcome the statement on positive adjustment policy made by the OECD Ministers. There must be a readiness over time to accept and facilitate structural change. Measures to prevent such change perpetuate economic inefficiency, place the burden of structural change on trading partners and inhibit the integration of developing countries into the world economy. We are determined in our industrial, social, structural and regional policy initiatives to help sectors in difficulty, without interfering with international competition and trade flows.

20. We note the need for countries with large current account deficits to increase exports and for countries with large current account surpluses to facilitate increases in imports. In this context the United States is firmly committed to improve its export performance and is examining measures to this end. The Prime Minister of Japan has stated that he wishes to work for the increase of imports through the expansion of domestic demand and various efforts to facilitate imports. Furthermore, he has stated that in order to cope with the immediate situation of unusual surplus, the Government of Japan is taking the temporary and extraordinary step of calling for moderation in exports with the aim of keeping the total volume of Japan's exports for the fiscal year of 1978 at or below the level of fiscal 1977.

21. We underline our willingness to increase our cooperation in the field of foreign private investment flows among industrialized countries and between them and developing countries. We will intensify work for further agreements in the OECD and elsewhere.

22. In the context of expanding world economic activity, we recognize the requirement for better access to our countries' markets

for the products of the developing countries. At the same time we look to increasing readiness on the part of the more advanced developing countries to open their markets to imports.

Relations with Developing Countries

23. Success in our efforts to strengthen our countries' economies will benefit the developing countries, and their economic progress will benefit us. This calls for joint action on the basis of shared responsibility.

24. In the years ahead the developing countries, particularly those most in need, can count on us for an increased flow of financial assistance and other resources for their development. The Prime Minister of Japan has stated that he will strive to double Japan's official development assistance in three years. We deeply regret the failure of the COMECON countries to take their due share in the financial assistance to developing countries and invite them once more to do so.

25. The poorer developing countries require increased concessional aid. We support the soft loan funds of the World Bank and the three regional development banks. We pledge our governments to support replenishment of the International Development Association on a scale that would permit its lending to rise annually in real terms.

26. As regards the more advanced developing countries, we renew our pledge to support replenishment of the multilateral development banks' resources, on the scale needed to meet the growing needs for loans on commercial terms. We will encourage governmental and private co-financing of development projects with these banks.

The cooperation of the developing countries in creating a good investment climate and adequate protection for foreign investment is required if foreign private investment is to play its effective role in generating economic growth and in stimulating the transfer of technology.

We also refer to our efforts with respect to developing countries in the field of energy as outlined in paragraphs 15 and 16.

27. We agreed to pursue actively the negotiations on a Common Fund to a successful conclusion and to continue our efforts to conclude individual commodity agreements and to complete studies of various ways of stabilizing export earnings.

International Monetary Policy

28. The erratic fluctuations of the exchange markets in recent months have had a damaging effect on confidence, investment and growth throughout the world. Essentially, exchange rate stability can only be achieved by attacking the fundamental problems which have contributed to the present large balance-of-payments deficits and surpluses. Implementation of the policies described above in the framework of a concerted program will help to bring about a better pattern of world payments balances and lead to greater stability in international exchange markets. This stability will in turn improve confidence and the environment for sustained economic growth.

29. Although exchange rates need to respond to changes in underlying economic and financial conditions among nations, our monetary authorities will continue to intervene to the extent necessary to counter disorderly conditions in the exchange markets. They will maintain extensive consultation to enhance these efforts' effectiveness. We will support surveillance by the International Monetary Fund to promote effective functioning of the international monetary system.

30. The representatives of the European Community informed the meeting of the decision of the European Council at Bremen on 6-7 July to consider a scheme for closer monetary cooperation. The meeting welcomed the report and noted that the Community would keep the other participants informed.

Conclusion

31. It has been our combined purpose to attack the fundamental economic problems that our countries confront.

The measures on which we have agreed are mutually reinforcing. Their total effect should thus be more than the sum of their parts. We will now seek parliamentary and public support for these measures.

We cannot hope to achieve our purposes alone. We shall work closely together with other countries and within the appropriate international institutions; those among us whose countries are members of the European Community intend to make their efforts within this framework.

We have instructed our representatives to convene by the end of 1978 in order to review this declaration. We also intend to have a similar meeting among ourselves at an appropriate time next year.

STATEMENT ON AIR-HIJACKING

The Heads of State and Government, concerned about terrorism and the taking of hostages, declare that their Governments will intensify their joint efforts to combat international terrorism. To this end, in cases where a country refuses extradition or prosecution of those who have hijacked an aircraft and/or do not return such aircraft, the Heads of State and Government are jointly to cease all flights to that country. At the same time, their Governments will initiate action to halt all incoming flights from that country or from any country by the airlines of the country concerned.

They urge other Governments to join them in this commitment.

TOKYO

JUNE 28-29, 1979

LIST OF PARTICIPANTS

TOKYO, JUNE 28-29, 1979

CANADA

Joe Clark *Prime Minister*
Flora MacDonald *Secretary of State for External Affairs*
John Crosbie *Minister of Finance*

FEDERAL REPUBLIC OF GERMANY

Helmut Schmidt *Federal Chancellor*
Hans-Dietrich Genscher *Federal Minister for Foreign Affairs*
Hans Matthöfer *Federal Minister of Finance*
Otto Lambsdorff *Federal Minister of Economy*

FRANCE

Valéry Giscard d'Estaing *President*
Jean François-Poncet *Minister of Foreign Affairs*
René Monory *Minister of the Economy and Finance*

ITALY

Giulio Andreotti *President of the Council of Ministers*
Arnaldo Forlani *Minister of Foreign Affairs*
Filippo Maria Pandolfi *Minister of Finance*

JAPAN

Masayoshi Ohira *Prime Minister*
Sunao Sonoda *Minister for Foreign Affairs*
Ippei Kaneko *Minister of Finance*

UNITED KINGDOM

Margaret Thatcher *Prime Minister*
Peter Carrington *Secretary of State for Foreign and Commonwealth Affairs*
Geoffrey Howe *Chancellor of the Exchequer*

UNITED STATES OF AMERICA

Jimmy Carter *President*
Cyrus Vance *Secretary of State*
W. Michael Blumenthal *Secretary of the Treasury*

EUROPEAN COMMUNITIES

Roy Jenkins *President of the Commission*

DECLARATION

The Heads of State and Government of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland, and the United States of America met in Tokyo on the 28th and 29th of June, 1979. The European Community was represented by the President of the European Council and by the President of the European Commission for discussion of matters within the Community's competence.

1. The agreements reached at the Bonn Summit helped to improve the world economy. There was higher growth in some countries, a reduction of payments imbalances, and greater currency stability.

2. But new challenges have arisen. Inflation, which was subsiding in most countries, is now regaining its momentum. Higher oil prices and oil shortage have reduced the room for manoeuvre in economic policy in all our countries. They will make inflation worse and curtail growth, in both the industrial and developing countries. The non-oil developing countries are among the biggest sufferers.

We are agreed on a common strategy to attack these problems. The most urgent tasks are to reduce oil consumption and to hasten the development of other energy sources.

Our countries have already taken significant actions to reduce oil consumption. We will intensify these efforts.

The European Community has decided to restrict 1979 oil consumption to 500 million tons (10 million barrels a day) and to maintain Community oil imports between 1980 and 1985 at an annual level not higher than in 1978. The Community is monitoring this commitment and France, Germany, Italy and the United Kingdom have agreed to recommend to their Community partners that each member country's con-

tribution to these annual levels be specified. Canada, Japan, and the US will each achieve the adjusted import levels to which they are pledged in the IEA for 1979, will maintain their imports in 1980 at a level not higher than these 1979 levels, and will be monitoring this.

The seven countries express their will to take as goals for a ceiling on oil imports in 1985, the following figures:

- For France, Germany, Italy*, and the United Kingdom: the 1978 figure.

- Canada, whose oil production will be declining dramatically over the period between now and 1985, will reduce its annual average rate of growth of oil consumption to 1%, with the consequent reduction of oil imports by 50,000 barrels per day by 1985. Canada's targets for imports will therefore be 0.6 million barrels per day.

- Japan adopts as a 1985 target a level not to exceed the range between 6.3 and 6.9 million barrels a day. Japan will review this target periodically and make it more precise in the light of current developments and growth projections, and do their utmost to reduce oil imports through conservation, rationalization of use and intensive development of alternative energy sources in order to move toward lower figures.

- The United States adopts as a goal for 1985 import levels not to exceed the levels either of 1977 or the adjusted target for 1979, i.e. 8.5 million barrels per day.

These 1985 goals will serve as reference to monitor both energy conservation and the development of alternative energy resources.

A high level group of representatives of our countries and the EEC Commission, within the OECD, will review periodically the results

* Footnote: Italy's commitment with reference to the 1978 level is accepted in the context of the overall commitment of the European Community.

achieved. Slight adjustments will be allowed to take account of special needs generated by growth.

In fulfilling these commitments, our guiding principle will be to obtain fair supplies of oil products for all quantities, taking into account the differing patterns of supply, the efforts made to limit oil imports, the economic situation of each country, the quantities of oil available, and the potential of each country for energy conservation.

We urge other industrialized countries to set similar objectives for themselves.

We agree to take steps to bring into the open the working of oil markets by setting up a register of international oil transactions. We will urge oil companies and oil-exporting countries to moderate spot market transactions. We will consider the feasibility of requiring that at the time of unloading crude oil cargoes, documents be presented indicating the purchase price as certified by the producer country. We will likewise seek to achieve better information on the profit situation of oil companies and on the use of the funds available to these companies.

We agree on the importance of keeping domestic oil prices at world market prices or raising them to this level as soon as possible. We will seek to minimize and finally eliminate administrative action that might put upward pressure on oil prices that result from domestic underpricing of oil and to avoid new subsidies which would have the same effect.

Our countries will not buy oil for governmental stockpiles when this would place undue pressure on prices; we will consult about the decisions that we make to this end.

3. We pledge our countries to increase as far as possible coal use, production, and trade, without damage to the environment. We will endeavor to substitute coal for oil in the industrial and electrical sectors, encourage the improvement of coal transport, maintain positive attitudes toward investment for coal projects, pledge not to interrupt coal trade under long-term contracts unless required to do so by a national emergency, and maintain, by measures which do not obstruct

coal imports, those levels of domestic coal production which are desirable for reasons of energy, regional and social policy.

We need to expand alternative sources of energy, especially those which will help to prevent further pollution, particularly increases of carbon dioxide and sulphur oxides in the atmosphere.

Without the expansion of nuclear power generating capacity in the coming decades, economic growth and higher employment will be hard to achieve. This must be done under conditions guaranteeing our peoples' safety. We will cooperate to this end. The International Atomic Energy Agency can play a key role in this regard.

We reaffirm the understanding reached at the Bonn Summit with respect to the reliable supply of nuclear fuel and minimizing the risk of nuclear proliferation.

New technologies in the field of energy are the key to the world's longer-term freedom from fuel crises. Large public and private resources will be required for the development and commercial application of those technologies. We will ensure that these resources are made available. An International Energy Technology Group linked to the OECD, IEA and other appropriate international organizations will be created to review the actions being taken or planned domestically by each of our countries, and to report on the need and potential for international collaboration, including financing.

We deplore the decisions taken by the recent OPEC Conference. We recognize that relative moderation was displayed by certain of the participants. But the unwarranted rises in oil prices nevertheless agreed are bound to have very serious economic and social consequences. They mean more world-wide inflation and less growth. That will lead to more unemployment, more balance of payments difficulty and will endanger stability in developing and developed countries of the world alike. We remain ready to examine with oil exporting countries how to define supply and demand prospects on the world oil market.

4. We agree that we should continue with the policies for our economies agreed at Bonn, adjusted to reflect current circumstances.

Energy shortages and high oil prices have caused a real transfer of incomes. We will try, by our domestic economic policies, to minimize the damage to our economies. But our options are limited. Attempts to compensate for the damage by matching income increases would simply add to inflation.

5. We agree that we must do more to improve the long-term productive efficiency and flexibility of our economies. The measures needed may include more stimulus for investment and for research and development; steps to make it easier for capital and labor to move from declining to new industries; regulatory policies which avoid unnecessary impediments to investment and productivity; reduced growth in some public sector current expenditures; and removal of impediments to the international flow of trade and capital.

6. The agreements reached in the Tokyo Round are an important achievement. We are committed to their early and faithful implementation. We renew our determination to fight protectionism. We want to strengthen the GATT, both to monitor the agreements reached in the MTNs and as an instrument for future policy in maintaining the open world trading system. We will welcome the full participation of as many countries as possible in these agreements and in the system as a whole.

7. We will intensify our efforts to pursue the economic policies appropriate in each of our countries to achieve durable external equilibrium. Stability in the foreign exchange market is essential for the sound development of world trade and the global economy. This has been furthered since the Bonn Summit by two important developments — the November 1st, 1978 program of the United States in conjunction with other monetary authorities, and the successful emergence of the European Monetary System. We will continue close cooperation in exchange market policies and in support of the effective discharge by the IMF of its responsibilities, particularly its surveillance role and its role in strengthening further the international monetary system.

8. Constructive North-South relations are essential to the health

of the world economy. We for our part have consistently worked to bring developing countries more fully into the open world trading system and to adjust our economies to changing international circumstances. The problems we face are global. They can only be resolved through shared responsibility and partnership. But this partnership cannot depend solely on the efforts of the industrialized countries. The OPEC countries have just as important a role to play. The latest decision substantially to increase oil prices will also severely increase the problems facing developing countries without oil resources, as well as the difficulties for developed countries in helping them. The decision could even have a crippling effect on some of the developing countries. In this situation we recognize, in particular, the need for the flow of financial resources to the developing countries to increase, including private and public, bilateral and multilateral, resources. A good investment climate in developing countries will help the flow of foreign investment.

We are deeply concerned about the millions of people still living in conditions of absolute poverty. We will take particular account of the poorest countries in our aid programs.

Once more we urge COMECON countries to play their part.

We will place more emphasis on cooperation with developing countries in overcoming hunger and malnutrition. We will urge multilateral organizations to help these countries to develop effective food sector strategies and to build up the storage capacity needed for strong national food reserves. Increased bilateral and multilateral aid for agricultural research will be particularly important. In these and other ways we will step up our efforts to help these countries develop their human resources, through technical cooperation adapted to local conditions.

We will also place special emphasis on helping developing countries to exploit their energy potential. We strongly support the World Bank's program for hydrocarbon exploitation and urge its expansion. We will do more to help developing countries increase the use of renewable energy; we welcome the World Bank's coordination of these efforts.

SPECIAL STATEMENT OF THE SUMMIT ON INDOCHINESE REFUGEES

The plight of refugees from Vietnam, Laos and Cambodia poses a humanitarian problem of historic proportions and constitutes a threat to the peace and stability of Southeast Asia. Given the tragedy and suffering which are taking place, the problem calls for an immediate and major response.

The Heads of State and Government call on Vietnam and other countries of Indochina to take urgent and effective measures so that the present human hardship and suffering are eliminated. They confirm the great importance they attach to the immediate cessation of the disorderly outflow of refugees without prejudice to the principles of free emigration and family reunification.

The Governments represented will, as part of an international effort, significantly increase their contributions to Indochinese refugee relief and resettlement — by making more funds available and by admitting more people, while taking into account the existing social and economic circumstances in each of their countries.

The Heads of State and Government request the Secretary-General of the United Nations to convene a conference as soon as possible with a view to attaining concrete and positive results. They extend full support to this objective and are ready to participate constructively in such a conference.

The Heads of State and Government call on all nations to join in addressing this pressing problem.

STATEMENT ON BONN DECLARATION

The Heads of State and Government expressed their pleasure with the broad support expressed by other States for the Declaration on Hijacking made at the Bonn Summit in July, 1978. They noted that

procedures for the prompt implementation of the Declaration have been agreed upon and that to date enforcement measures under the Declaration have not been necessary. They also noted with satisfaction the widespread adherence to the conventions dealing with unlawful interference with international civil aviation. The extensive support for these conventions and the Bonn Declaration on Hijacking reflects the acceptance by the international community as a whole of the principles expressed therein.

VENICE

JUNE 22-23, 1980

LIST OF PARTICIPANTS

VENICE, JUNE 22-23, 1980

CANADA

Pierre Elliot Trudeau *Prime Minister*
Mark MacGuigan *Secretary of State for External Affairs*
Allan J. MacEachen *Minister of Finance*

FEDERAL REPUBLIC OF GERMANY

Helmut Schmidt *Federal Chancellor*
Hans-Dietrich Genscher *Federal Minister for Foreign Affairs*
Hans Matthöfer *Federal Minister of Finance*
Otto Lamsdorff *Federal Minister of Economy*

FRANCE

Valéry Giscard D'Estaing *President*
Jean François-Poncet *Minister of Foreign Affairs*
René Monory *Minister of the Economy and Finance*

ITALY

Francesco Cossiga *President of the Council of Ministers*
Emilio Colombo *Minister of Foreign Affairs*
Filippo Maria Pandolfi *Minister of the Treasury*

JAPAN

Saburo Okita *Minister for Foreign Affairs*
Noboru Takeshita *Minister of Finance*

UNITED KINGDOM

Margaret Thatcher *Prime Minister*
Peter Carrington *Secretary of State for Foreign and Commonwealth Affairs*
Geoffrey Howe *Chancellor of the Exchequer*

UNITED STATES OF AMERICA

Jimmy Carter *President*
Edmund Muskie *Secretary of State*
William Miller *Secretary of the Treasury*

EUROPEAN COMMUNITIES

Roy Jenkins *President of the Commission*

DECLARATION

Introduction

1. In this, our first meeting of the 1980s, the economic issues that have dominated our thoughts are the price and supply of energy and the implications for inflation and the level of economic activity in our own countries and for the world as a whole. Unless we can deal with the problems of energy, we cannot cope with other problems.

2. Successive large increases in the price of oil, bearing no relation to market conditions and culminating in the recent decisions by some members of the Organization of Petroleum Exporting Countries (OPEC) at Algiers, have produced the reality of even higher inflation and the imminent threat of severe recession and unemployment in the industrialised countries. At the same time they have undermined and in some cases virtually destroyed the prospects for growth in the developing countries. We believe that these consequences are increasingly coming to be appreciated by some of the oil-exporting countries. The fact is that the industrialised countries of the free world, the oil-producing countries, and the non-oil developing countries depend upon each other for the realisation of their potential for economic development and prosperity. Each can overcome the obstacles to that development, but only if all work together, and with the interests of all in mind.

3. In this spirit we have discussed the main problems that confront us in the coming decade. We are confident in the ability of our democratic societies, based on individual freedom and social solidarity, to meet these challenges. There are no quick or easy solutions; sustained efforts are needed to achieve a better future.

Inflation

4. The reduction of inflation is our immediate top priority and will benefit all nations. 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 also needed for this purpose. We must retain effective international coordination to carry out this policy of restraint, and also to guard against the threat of growing unemployment and worldwide recession.

5. 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 so as to provide new job opportunities, 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.

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

Energy

7. We must break the existing link between economic growth and consumption of oil, and we mean to do so in this decade. This strategy requires conserving oil and substantially increasing production and use of alternative energy sources. To this end, maximum reliance should be placed on the price mechanism, and domestic prices for oil should

take into account representative world prices. Market forces should be supplemented, where appropriate, by effective fiscal incentives and administrative measures. Energy investment will contribute substantially to economic growth and employment.

8. We welcome the recent 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 changes 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 effect 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).

9. 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.

- 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 pric-

ing and taxation decision, by research and development, and by making public transport more attractive.

10. We must rely on fuels other than oil to meet the energy needs of future economic growth. This will require early, resolute, and wide-ranging actions. 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 and 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, in solar energy and other sources of renewable energy over the longer term.

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

12. 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 to improve infrastructures in both exporting and importing countries, as far as is economically justified, to ensure the required supply and use of coal. We look forward to the recommendations of the International Coal Industry Advisory Board. They will be considered promptly. We are conscious of the environmental risks associated with increased coal production and combustion. We will do everything in our power to ensure that increased use of fossil fuels, especially coal, does not damage the environment.

13. 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 shall therefore have to expand our nuclear generating 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 spent fuels and disposal of nuclear waste. We reaffirm the importance of ensuring the reliable supply of nuclear fuel and minimising the risk of nuclear proliferation.

14. 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.

15. 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-1980s, 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.

16. A high level group of representatives of our countries and of the EEC Commission will review periodically the results achieved in these fields.

17. Our comprehensive energy strategy is designed to meet the requirements of the coming decade. We are convinced that it can reduce the demand for energy, particularly oil, without hampering economic growth. By carrying out this strategy we expect that, over the coming decade, the ratio between increases in collective energy consumption and economic growth of our countries will 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 significantly below present levels so as to permit a balance between supply and demand at tolerable prices.

18. 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.

Relations with Developing Countries

19. We are deeply concerned about the impact of the oil price increases on the developing countries that have to import oil. The increase in oil prices in the last two years has more than doubled the oil bill of these countries, which now amounts to over \$ 50 billion. This will drive them into ever increasing indebtedness, and put at risk the whole basis of their economic growth and social progress, unless something can be done to help them.

20. We approach in a positive 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.

21. A major international effort to help these countries increase their energy production is required. We believe that this view is gaining ground among oil-exporting countries. We ask the World Bank to examine the adequacy of the resources and the mechanisms now in place for the exploration, development and production of conventional and renewable energy sources in oil-importing developing countries, to consider means, including the possibility of establishing a new affiliate or facility by which it might improve and increase its lending programmes for energy assistance, and to explore its findings with both oil-exporting and industrial countries.

22. We are deeply conscious that extreme poverty and chronic malnutrition afflict hundreds of millions of people of developing coun-

tries. The first requirement in these countries is to improve their ability to feed themselves and reduce their dependence on food imports. We are ready to join with them and the international agencies concerned in their comprehensive long term strategies to increase food production, and to help improve national as well as international research services. We will support and, where appropriate, supplement initiatives of the World Bank and of the Food and Agricultural Organization (FAO) and 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.

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

24. 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. It is essential that all members, especially the major donors, provide their full contributions on the agreed schedule.

25. We welcome the report of the Brandt Commission. We shall carefully consider its recommendations.

26. The democratic industrialised countries cannot alone carry the responsibility of aid and other different contributions to developing countries: it must be equitably shared by the oil-exporting countries and the industrialised Communist countries. The Personal Representatives are instructed to review aid policies and procedures and other contributions to developing countries and to report back their conclusions to the next Summit.

Monetary Problems

27. 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 rechanneling the substantial oil surplus funds on the basis of sound lending standards. We support the work in progress by our monetary authorities and the Bank for International Settlements designed to improve the supervision and security of the international banking system. The private banks could usefully supplement these efforts.

28. Private lending will need to be supplemented by an expanded role for international institutions, especially the International Monetary Fund (IMF). We are committed to implementing the agreed increase in the IMF quotas, and to supporting appropriate borrowing by the Fund, if needed to meet financing requirements of its members. 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 and the World Bank should work closely together in responding to these problems. We welcome the Bank's innovative lending scheme for structural adjustment. We urge oil-exporting countries to increase their direct lending to countries with financial problems, thus reducing the strain on other recycling mechanisms.

29. We reaffirm our commitment to stability in the foreign exchange markets. We note that the European Monetary System (EMS) has contributed to this end. 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 ar-

rangements to provide for a more balanced evolution of the world reserve system.

Trade

30. We are resolved further to strengthen the open world trading system. We will resist pressures for protectionist actions, which can only be self-defeating and aggravate inflation.

31. We endorse the positive conclusion of the Multilateral Trade Negotiations, and commit ourselves to early and effective implementation. We welcome the participation of some of our developing partners in the new non-tariff 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. We urge the more advanced of our developing partners gradually to open their markets over the coming decade.

32. We reaffirm our determination to avoid a harmful export credit race. To this 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, recognising the differentiated treatment of developing countries in the Arrangement.

33. As a further step in strengthening the international trading system, we commit our governments to work in the United Nations toward an 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.

Conclusions

34. The economic message from this Venice Summit is clear. The key to success in resolving the major economic challenges which the world faces is to achieve and maintain a balance between energy supply and demand at reasonable levels and at tolerable prices. The stability of the world economy, on which the prosperity of every individual country relies, depends upon all of the countries concerned, recognising their mutual needs and accepting their mutual responsibilities. Those among us whose countries are members of the European Community intend to make their efforts within this framework. We, who represent seven large industrialised countries of the free world, are ready to tackle our own problems with determination and to work with others to meet the challenges of the coming decade, to our own advantage and to the benefit of the whole world.

STATEMENT ON THE TAKING OF DIPLOMATIC HOSTAGES

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. The Heads of State and Government consider it necessary that all Governments should 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.

STATEMENT ON REFUGEES

The Heads of State and Government are deeply concerned at the plight of the ever-increasing number of refugees throughout the world. Hundreds of thousands have already left the Indochinese peninsula and Cuba, many of them taking the risk of fleeing across the open seas. Pakistan and Iran have received almost one million refugees from Afghanistan. In Africa refugees number several millions.

The Heads of State and Government note with great regret that the refugee population continues to grow and that, despite major international relief efforts, their suffering continues. They pay tribute to the generosity and forbearance with which countries in the regions affected have received refugees. For their part, the countries represented at this Summit have already responded substantially to appeals for assistance to and resettlement of refugees. They will continue to do so, but their resources are not unlimited. They appeal to others to join with them in helping to relieve this suffering.

But, however great the effort of the international community, it will be difficult to sustain it indefinitely. The problem of refugees has to be attacked at its root.

The Heads of State and Government therefore make a vigorous appeal to the Governments responsible for it to remove the causes of this widespread human tragedy and not to pursue policies which drive large numbers of their people from their own countries.

POLITICAL TOPICS

In seeking here in Venice to define a global economic strategy and to show our united determination to make it a reality, we are consciously accepting the responsibility that falls to the three great industrialized areas of the world — North America, Western Europe and Japan — to help create the conditions for harmonious and sustained economic growth. But we cannot do this alone: others too have a part to play.

However, present circumstances oblige us to emphasize that our efforts will only bear fruit if we can at the same time preserve a world in which the rule of law is universally obeyed, national independence is respected and world peace is kept. We call on all countries to join us in working for such a world and we welcome the readiness of non-aligned countries and regional groups to accept the responsibilities which this involves.

We therefore reaffirm hereby that the Soviet military occupation of Afghanistan is unacceptable now and that we are determined not to accept it in the future. It is incompatible with the will of the Afghan people for national independence, as demonstrated by their courageous resistance and with the security of the states of the region. It is also incompatible with the principles of the United Nations Charter and with efforts to maintain genuine detente. It undermines the very foundations of peace, both in the region and in the world at large.

We fully endorse in this respect the views already expressed by the overwhelming majority of the international community, as set out by the United Nations General Assembly in Resolution No. ES-6/2 of 14th January 1980 and by the Islamic Conference at both its recent sessions.

Afghanistan should be enabled to regain the sovereignty, territorial integrity, political independence and non-aligned character it once enjoyed. We therefore call for the complete withdrawal of Soviet troops and for the Afghan people to be left free again to determine their own future.

We have taken note of today's announcement of the withdrawal of some Soviet troops from Afghanistan. In order to make a useful contribution to the solution of the Afghan crisis, this withdrawal, if confirmed, will have to be permanent and continue until the complete withdrawal of the Soviet troops. Only thus will it be possible to re-establish a situation compatible with peace and the rule of law and thereby with the interests of all nations.

We are resolved to do everything in our power to achieve this objective. We are also ready to support any initiative to this end, such as that of the Islamic Conference. And we shall support every effort designed to contribute to the political independence and to the security of the states of the region.

Those Governments represented at this meeting which have taken a position against attendance at the Olympic Games vigorously reaffirm their positions.

STATEMENT ON THE BONN DECLARATION

At the request of the Heads of State and Government who participated in the Summit, I, in my capacity as 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 the said principles are being accepted by the international community as a whole.

VENICE, JUNE 22-23, 1980

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.

OTTAWA

JULY, 20-21, 1981

LIST OF PARTICIPANTS

OTTAWA, JULY 20-21, 1981

CANADA	Pierre Elliot Trudeau <i>Prime Minister</i> Mark MacGuigan <i>Secretary of State for External Affairs</i> Allan J. MacEachen <i>Minister of Finance</i>
FEDERAL REPUBLIC OF GERMANY	Helmut Schmidt <i>Federal Chancellor</i> Hans-Dietrich Genscher <i>Federal Minister for Foreign Affairs</i> Hans Matthöfer <i>Federal Minister of Finance</i> Otto Lambsdorff <i>Federal Minister of Economy</i>
FRANCE	François Mitterrand <i>President</i> Claude Cheysson <i>Minister of External Relations</i> Jacques Delors <i>Minister for the Economy, Finance and Budget</i>
ITALY	Giovanni Spadolini <i>President of the Council of Ministers</i> Emilio Colombo <i>Minister of Foreign Affairs</i> Beniamino Andreatta <i>Minister of the Treasury</i>
JAPAN	Zenko Suzuki <i>Prime Minister</i> Sunao Sonoda <i>Minister of Foreign Affairs</i> Michio Watanabe <i>Minister of Finance</i>
UNITED KINGDOM	Margaret Thatcher <i>Prime Minister</i> Peter Carrington <i>Secretary of State for Foreign and Commonwealth Affairs</i> Geoffrey Howe <i>Chancellor of the Exchequer</i>
UNITED STATES OF AMERICA	Ronald Reagan <i>President</i> Alexander Haig <i>Secretary of State</i> Donald Regan <i>Secretary of the Treasury</i>
EUROPEAN COMMUNITIES	Gaston Thorn <i>President of the Commission</i>

DECLARATION

1. We have met at a time of rapid change and great challenge to world economic progress and peace. Our meeting has served to reinforce the strength of our common bonds. We are conscious that economic issues reflect and affect the broader political purposes we share. In a world of interdependence, we reaffirm our common objectives and our recognition of the need to take into account the effects on others of policies we pursue. We are confident in our joint determination and ability to tackle our problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world.

The Economy

2. The primary challenge we addressed at this meeting was the need to revitalize the economies of the industrial democracies, to meet the needs of our own people and strengthen world prosperity.

3. Since the Venice Summit the average rate of inflation in our countries has fallen, although in four of them inflation remains in double figures. In many countries unemployment has risen sharply and is still rising. There is a prospect of moderate economic growth in the coming year but at present it promises little early relief from unemployment. The large payments deficits originating in the 1979-80 oil price increase have so far been financed without imposing intolerable adjustment burdens but are likely to persist for some time. Interest rates have reached record levels in many countries and, if long sustained at these levels, would threaten productive investment.

4. The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at

the same time. We must continue to reduce inflation if we are to secure the higher investment and sustainable growth on which the durable recovery of employment depends. The balanced use of a range of policy instruments is required. We must involve our peoples in a greater appreciation of the need for change: change in expectations about growth and earnings, change in management and labour relations and practices, change in the pattern of industry, change in the direction and scale of investment, and change in energy use and supply.

5. We need in most countries urgently to reduce public borrowing; where our circumstances permit or we are able to make changes within the limits of our budgets we will increase support for productive investment and innovation. We must also accept the role of the market in our economies. We must not let transitional measures that may be needed to ease change become permanent forms of protection or subsidy.

6. We see low and stable monetary growth as essential to reducing inflation. Interest rates have to play their part in achieving this and are likely to remain high where fears of inflation remain strong. But we are fully aware that levels and movements of interest rates in one country can make stabilization policies more difficult in other countries by influencing their exchange rates and their economies. For these reasons, most of us need also to rely on containment of budgetary deficits, by means of restraint in government expenditures as necessary. It is also highly desirable to minimize volatility of interest rates and exchange rates; greater stability in foreign exchange and financial markets is important for the sound development of the world economy.

7. In a world of strong capital flows and large deficits it is in the interests of all that the financial soundness of the international banking system and the international financial institutions be fully maintained. We welcome the recently expanded role of the IMF in financing payments deficits on terms which encourage needed adjustment.

8. In shaping our long-term economic policies, care should be taken to preserve the environment and the resource base of our planet.

Relations with Developing Countries

9. We support the stability, independence and genuine non-alignment of developing countries and reaffirm our commitment to cooperate with them in a spirit of mutual interest, respect and benefit, recognizing the reality of our interdependence.

10. It is in our interest as well as in theirs that the developing countries should grow and flourish and play a full part in the international economic system commensurate with their capabilities and responsibilities and become more closely integrated in it.

11. We look forward to constructive and substantive discussions with them, and believe the Cancun Summit offers an early opportunity to address our common problems anew.

12. We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress.

13. While growth has been strong in most middle-income developing countries, we are deeply conscious of the serious economic problems in many developing countries, and the grim poverty faced especially by the poorer among them. We remain ready to support the developing countries in the efforts they make to promote their economic and social development within the framework of their own social values and traditions. These efforts are vital to their success.

14. We are committed to maintaining substantial and, in many cases, growing levels of official development assistance and will seek to increase public understanding of its importance. We will direct the major portion of our aid to poorer countries, and will participate actively in the United Nations Conference on the Least Developed Countries.

15. We point out that the strengthening of our own economies, increasing access to our markets, and removing impediments to capital flows contribute larger amounts of needed resources and technology

and thereby complement official aid. The flow of private capital will be further encouraged in so far as the developing countries themselves provide assurances for the protection and security of investments.

16. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

17. We will maintain a strong commitment to the international financial institutions and work to ensure that they have, and use effectively, the financial resources for their important responsibilities.

18. We attach high priority to the resolution of the problems created for the non-oil developing countries by the damaging effects on them of the high cost of energy imports following the two oil price shocks. We call on the surplus oil-exporting countries to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy. We stand ready to cooperate with them for this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the World Bank, which would take due account of the importance of their financial contributions.

19. We recognize the importance of accelerated food production in the developing world and of greater world food security, and the need for developing countries to pursue sound agricultural and food policies, we will examine ways to make increased resources available for these purposes. We note that the Italian Government has in mind to discuss within the European Community proposals to be put forward in close cooperation with the specialized UN institutions located in Rome for special action in this field primarily directed to the poorest countries.

20. We are deeply concerned about the implications of world population growth. Many developing countries are taking action to deal with that problem, in ways sensitive to human values and dignity; and to develop human resources, including technical and managerial

capabilities. We recognize the importance of these issues and will place greater emphasis on international efforts in these areas.

Trade

21. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT.

22. We will work together to strengthen this system in the interest of all trading countries, recognizing that this will involve structural adaptation to changes in the world economy.

23. We will implement the agreements reached in the Multilateral Trade Negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

24. We will continue to resist protectionist pressures, since we recognize that any protectionist measure, whether in the form of overt or hidden trade restrictions or in the form of subsidies to prop up declining industries, not only undermines the dynamism of our economies but also, over time, aggravates inflation and unemployment.

25. We welcome the new initiative represented by the proposal of the Consultative Group of Eighteen that the GATT contracting parties convene a meeting at Ministerial level during 1982, as well as that of the OECD countries in their programme of study to examine trade issues.

26. We will keep under close review the role played by our countries in the smooth functioning of the multilateral trading system with a view to ensuring maximum openness of our markets in a spirit of reciprocity, while allowing for the safeguard measures provided for in the GATT.

27. We endorse efforts to reach agreement by the end of this year on reducing subsidy elements in official export credit schemes.

Energy

28. We are confident that, with perseverance, the energy goals we set at Venice for the decade can be achieved, enabling us to break the link between economic growth and oil consumption through structural change in our energy economies.

29. Recognizing that our countries are still vulnerable and energy supply remains a potential constraint to a revival of economic growth, we will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy savings and the replacement of oil by other fuels.

30. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary by government action.

31. Our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

32. In most of our countries progress in constructing new nuclear facilities is slow. We intend in each of our countries to encourage greater public acceptance of nuclear energy, and respond to public concerns about safety, health, nuclear waste management and non-proliferation. We will further our efforts in the development of advanced technologies, particularly in spent fuel management.

33. We will take steps to realize the potential for the economic production, trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment.

34. We also intend to see to it that we develop to the fullest possible extent sources of renewable energy such as solar, geothermal and biomass energy. We will work for practical achievements at the forthcoming United Nations Conference on New and Renewable Sources of Energy.

35. We look forward to improved understanding and cooperation with the oil exporting countries in the interests of the world economy.

East/West Economic Relations

36. We also reviewed the significance of East-West economic relations for our political and security interests. We recognized that there is a complex balance of political and economic interests and risks in these relations. We concluded that consultations and, where appropriate, coordination are necessary to ensure that, in the field of East-West relations, our economic policies continue to be compatible with our political and security objectives.

37. We will undertake to consult to improve the present system of controls on trade in strategic goods and related technology with the USSR.

Conclusion

38. We are convinced that our democratic, free societies are equal to the challenges we face. We will move forward together and with all countries ready to work with us in a spirit of cooperation and harmony. We have agreed to meet again next year and have accepted the invitation of the President of the French Republic to hold this meeting in France. We intend to maintain close and continuing consultation and cooperation with each other.

CHAIRMAN'S SUMMARY OF POLITICAL ISSUES

1. Our discussion of international affairs confirmed our unity of view on the main issues that confront us all. We are determined to face them together in a spirit of solidarity, cooperation and responsibility.

2. We all view with concern the continuing threats to international security and stability. Lasting peace can only be built on respect for the freedom and dignity of nations and individuals. We appeal to all

governments to exercise restraint and responsibility in international affairs and to refrain from exploiting crises and tensions.

3. In the Middle East, we remain convinced that a solution must be found to the Arab-Israeli dispute. We all deplore the escalation of tension and continuing acts of violence now occurring in the region. We are deeply distressed by the scale of destruction, particularly in Lebanon, and the heavy civilian loss of life on both sides. We call on all states and parties to exercise restraint, in particular to avoid retaliation which only results in escalation; and to forego acts which could lead, in the current tense situation in the area, to further bloodshed and war.

4. We are particularly concerned, in this respect, by the tragic fate of the Lebanese people. We support the efforts now in progress to permit Lebanon to achieve a genuine national reconciliation, internal security and peace with its neighbours.

5. In East-West relations, we are seriously concerned about the continuing build-up of Soviet military power. Our concern is heightened by Soviet actions which are incompatible with the exercise of restraint and responsibility in international affairs. We ourselves, therefore, need a strong defence capability. We will be firm in insisting on a balance of military capabilities and on political restraint. We are prepared for dialogue and cooperation to the extent that the Soviet Union makes this possible. We are convinced of the importance of working towards balanced and verifiable arms control and disarmament agreements in pursuit of undiminished security at lower levels of armament and expenditure.

6. We welcome the fact that, at the Madrid Conference on Security and Cooperation in Europe, Western countries have just taken another major initiative aimed at defining the area to be covered by the measures the proposed European Disarmament Conference would negotiate. Equally important, they have proposed a number of human rights provisions that would give new hope for individuals deprived of their freedom. We believe that Soviet acceptance of these initiatives

would enable a balanced conclusion of the Madrid meeting and a substantial reduction of tension in Europe.

7. As regards Afghanistan, about which we publicly stated our firm and unanimous position at last year's Venice Summit, we note that the situation remains unchanged. Therefore, with the overwhelming majority of nations, we continue to condemn the Soviet military occupation of Afghanistan. We support international efforts to achieve the complete withdrawal of Soviet troops and to restore to the Afghan people, who are fighting a war of liberation, their right to determine their own future. We note with approval the constructive proposal of the European Council for an international conference to bring about this result and call upon the Soviet Union to accept it. We are grateful for the report given us by Foreign Secretary Carrington on his recent visit to Moscow, and his discussions there, on behalf of the Ten, on the international conference proposal.

8. Believing as we do that the Kampuchean people are entitled to self-determination, we welcome and support the Declaration of the International Conference on Kampuchea.

9. Together with other states and regional organizations, we are resolved to do what is necessary to enhance regional security and to ensure a peace built on the independence and dignity of sovereign nations. All peoples should be free to chart their own course without fear of outside intervention. To that end, we shall continue to promote peaceful resolution of disputes and to address underlying social and economic problems. We reaffirm our conviction that respect for independence and genuine non-alignment are important for international peace and security.

10. Recalling the statement on refugees adopted at the Venice Summit, we are seriously concerned over the growing plight of refugees throughout the world. We reaffirm our support for international relief efforts and our appeal to all governments to refrain from actions which can lead to massive flows of refugees.

STATEMENT ON TERRORISM

1. The Heads of State and Government, seriously concerned about the active support given to international terrorism through the supply of money and arms to terrorist groups, and about the sanctuary and training offered terrorists, as well as the continuation of acts of violence and terrorism such as aircraft hijacking, hostage-taking and attacks against diplomatic and consular personnel and premises, reaffirm their determination vigorously to combat such flagrant violations of international law. Emphasizing that all countries are threatened by acts of terrorism in disregard of fundamental human rights, they resolve to strengthen and broaden action within the international community to prevent and punish such acts.

2. The Heads of State and Government view with particular concern the recent hijacking incidents which threaten the safety of international civil aviation. They recall and reaffirm the principles set forth in the 1978 Bonn Declaration and note that there are several hijackings which have not been resolved by certain states in conformity with their obligations under international law. They call upon the governments concerned to discharge their obligations promptly and thereby contribute to the safety of international civil aviation.

3. The Heads of State and Government are convinced that, in the case of the hijacking of a Pakistan International Airlines aircraft in March, the conduct of the Babrak Karmal government of Afghanistan, both during the incident and subsequently in giving refuge to the hijackers, was and is in flagrant breach of its international obligations under the Hague Convention to which Afghanistan is a party, and constitutes a serious threat to air safety. Consequently the Heads of State and Government propose to suspend all flights to and from Afghanistan in implementation of the Bonn Declaration, unless Afghanistan immediately takes steps to comply with its obligations. Furthermore, they call upon all states which share their concern for air safety to take appropriate action to persuade Afghanistan to honour its obligations.

4. Recalling the Venice Statement on the Taking of Diplomatic

Hostages, the Heads of State and Government approve continued cooperation in the event of attacks on diplomatic and consular establishments or personnel of any of their governments. They undertake that in the event of such incidents, their governments will immediately consult on an appropriate response. Moreover, they resolve that any state which directly aids and abets the commission of terrorist acts condemned in the Venice Statement, should face a prompt international response. It was agreed to exchange information on terrorist threats and activities, and to explore cooperative measures for dealing with and countering acts of terrorism, for promoting more effective implementation of existing anti-terrorist conventions, and for securing wider adherence to them.

VERSAILLES

JUNE 4-6, 1982

LIST OF PARTICIPANTS

VERSAILLES, JUNE 4-6, 1982

CANADA

Pierre Elliot Trudeau *Prime Minister*
Mark MacGuigan *Secretary of State for External Affairs*
Allan J. MacEachen *Minister of Finance*

FEDERAL REPUBLIC OF GERMANY

Helmut Schmidt *Federal Chancellor*
Hans-Dietrich Genscher *Federal Minister for Foreign Affairs*
Manfred Lahnstein *Federal Minister of Finance*
Otto Lambsdorff *Federal Minister of Economy*

FRANCE

François Mitterrand *President*
Claude Cheysson *Minister of External Relations*
Jacques Delors *Minister for the Economy, Finance and Budget*

ITALY

Giovanni Spadolini *President of the Council of Ministers*
Emilio Colombo *Minister of Foreign Affairs*
Beniamino Andreatta *Minister of the Treasury*

JAPAN

Zenko Suzuki *Prime Minister*
Yoshio Sakurauchi *Minister of Foreign Affairs*
Michio Watanabe *Minister of Finance*
Shintaro Abe *Minister of International Trade and Industry*

UNITED KINGDOM

Margaret Thatcher *Prime Minister*
Francis Pym *Secretary of State for Foreign and Commonwealth Affairs*
Geoffrey Howe *Chancellor of the Exchequer*

UNITED STATES OF AMERICA

Ronald Reagan *President*
Alexander Haig *Secretary of State*
Donald Regan *Secretary of the Treasury*

EUROPEAN COMMUNITIES

Wilfried Martens *President of the European Council*
Gaston Thorn *President of the Commission*

DECLARATION

In the course of our meeting at Versailles we have deepened our mutual understanding of the gravity of the world economic situation, and we have agreed on a number of objectives for urgent action with a view to improving it.

We affirm that the improvement of the present situation, by a further reduction of inflation and by a return to steady growth and higher levels of employment, will strengthen our joint capacity to safeguard our security, to maintain confidence in the democratic values that we share, and to preserve the cultural heritage of our peoples in all their diversity. Full employment, price stability and sustained and balanced growth are ambitious objectives. They are attainable in the coming years only if we pursue policies which encourage productive investment and technological progress; if, in addition to our own individual efforts, we are willing to join forces, if each country is sensitive to the effects of its policies on others and if we collaborate in promoting world development.

In this spirit, we have decided to implement the following lines of action:

— Growth and employment must be increased. This will be attained on a durable basis only if we are successful in our continuing fight against inflation. That will also help to bring down interest rates, which are now unacceptably high, and to bring about more stable exchange rates. In order to achieve this essential reduction of real interest rates, we will as a matter of urgency pursue prudent monetary policies and achieve greater control of budgetary deficits. It is essential to intensify our economic and monetary cooperation. In this regard, we will work towards a constructive and orderly evolution of the international monetary system by a closer cooperation among the authorities

representing the currencies of North America, of Japan and of the European Community in pursuing medium-term economic and monetary objectives. In this respect, we have committed ourselves to the undertakings contained in the attached statement.

— The growth of world trade in all its facets is both a necessary element for the growth of each country and a consequence of that growth. We reaffirm our commitment to strengthening the open multilateral trading system as embodied in the GATT and to maintaining its effective operation. In order to promote stability and employment through trade and growth, we will resist protectionist pressures and trade-distorting practices. We are resolved to complete the work of the Tokyo Round and to improve the capacity of the GATT to solve current and future trade problems. We will also work towards the further opening of our markets. We will cooperate with the developing countries to strengthen and improve the multilateral system, and to expand trading opportunities in particular with the newly industrialized countries. We shall participate fully in the forthcoming GATT Ministerial Conference in order to take concrete steps towards these ends. We shall work for early agreement on the renewal of the OECD export credit consensus.

— We agree to pursue a prudent and diversified economic approach to the USSR and Eastern Europe, consistent with our political and security interests. This includes actions in three key areas. First, following international discussions in January, our representatives will work together to improve the international system for controlling exports of strategic goods to these countries and national arrangements for the enforcement of security controls. Second, we will exchange information in the OECD on all aspects of our economic, commercial and financial relations with the Soviet Union and Eastern Europe. Third, taking into account existing economic and financial considerations, we have agreed to handle cautiously financial relations with the USSR and other Eastern European countries, in such a way as to ensure that they are conducted on a sound economic basis, including also the need for commercial prudence in limiting export credits. The development

of economic and financial relations will be subject to periodic ex-post review.

— The progress we have already made does not diminish the need for continuing efforts to economise on energy, particularly through the price mechanism, and to promote alternative sources, including nuclear energy and coal, in a long-term perspective. These efforts will enable us further to reduce our vulnerability to interruptions in the supply of energy and instability of prices. Cooperation to develop new energy technologies, and to strengthen our capacity to deal with disruptions, can contribute to our common energy security. We shall also work to strengthen our cooperation with both oil-exporting and oil-importing developing countries.

— The growth of the developing countries and the deepening of a constructive relationship with them are vital for the political and economic well-being of the whole world. It is therefore important that a high level of financial flows and official assistance should be maintained and that their amount and their effectiveness should be increased as far as possible, with responsibilities shared broadly among all countries capable of making a contribution. The launching of global negotiations is a major political objective approved by all participants in the Summit. The latest draft resolution circulated by the Group of 77 is helpful, and the discussion at Versailles showed general acceptance of the view that it would serve as a basis for consultations with the countries concerned. We believe that there is now a good prospect for the early launching and success of the global negotiations, provided that the independence of the Specialised Agencies is guaranteed. At the same time, we are prepared to continue and develop practical cooperation with the developing countries through innovations within the World Bank, through our support of the work of the regional development banks, through progress in countering instability of commodity export earnings, through the encouragement of private capital flows, including international arrangements to improve the conditions for private investment, and through a further concentration of official assistance on the poorer countries. This is why we see a need for special temporary arrangements to overcome funding problems for IDA VI,

and for an early start to consideration of IDA VII. We will give special encouragement to programmes or arrangements designed to increase food and energy production in developing countries which have to import these essentials, and to programmes to address the implications of population growth.

In the field of balance of payments support, we look forward to progress at the September IMF Annual Meeting towards settling the increase in the size of the Fund appropriate to the coming Eighth Quota Review.

— Revitalization and growth of the world economy will depend not only on our own efforts but also to a large extent upon cooperation among our countries and with other countries in the exploitation of scientific and technological development. We have to exploit the immense opportunities presented by the new technologies, particularly for creating new employment. We need to remove barriers to, and to promote, the development of and trade in new technologies both in the public sector and in the private sector. Our countries will need to train men and women in the new technologies and to create the economic, social and cultural conditions which allow these technologies to develop and flourish. We have considered the report presented to us on these issues by the President of the French Republic. In this context we have decided to set up promptly a working group of representatives of our governments and of the European Community to develop, in close consultation with the appropriate international institutions, especially the OECD, proposals to give help to attain these objectives. This group will be asked to submit its report to us by 31 December 1982. The conclusion of the report and the resulting action will be considered at the next economic Summit to be held in 1983 in the United States of America.

STATEMENT ON INTERNATIONAL MONETARY UNDERTAKINGS

1. We accept a joint responsibility to work for greater stability of the world monetary system. We recognize that this rests primarily on convergence of policies designed to achieve lower inflation, higher employment and renewed economic growth; and thus to maintain the internal and external values of our currencies. We are determined to discharge this obligation in close collaboration with all interested countries and monetary institutions.

2. We attach major importance to the role of the IMF as a monetary authority and we will give it our full support in its efforts to foster stability.

3. We are ready to strengthen our cooperation with the IMF in its work of surveillance; and to develop this on a multilateral basis taking into account particularly the currencies constituting the SDR.

4. We rule out the use of our exchange rates to gain unfair competitive advantages.

5. We are ready, if necessary, to use intervention in exchange markets to counter disorderly conditions, as provided for under Article IV of the IMF Articles of Agreement.

6. Those of us who are members of the EMS consider that these undertakings are complementary to the obligations of stability which they have already undertaken in that framework.

7. We are all convinced that greater monetary stability will assist freer flows of goods, services and capital. We are determined to see that greater monetary stability and freer flows of trade and capital reinforce one another in the interest of economic growth and employment.

WILLIASMBURG

(VIRGINIA)

MAY 28-30, 1983

LIST OF PARTICIPANTS

WILLIAMSBURG (VIRGINIA), MAY 28-30, 1983

CANADA	Pierre Elliot Trudeau <i>Prime Minister</i> Allan J. MacEachen <i>Secretary of State for External Affairs</i> Marc Lalonde <i>Minister of Finance</i>
FEDERAL REPUBLIC OF GERMANY	Helmut Kohl <i>Federal Chancellor</i> Hans-Dietrich Genscher <i>Federal Minister of Foreign Affairs</i> Gerhard Stoltenberg <i>Federal Minister of Finance</i> Otto Lambsdorff <i>Federal Minister of Economy</i>
FRANCE	François Mitterrand <i>President</i> Claude Cheysson <i>Minister of External Relations</i> Jacques Delors <i>Minister for the Economy, Finance and Budget</i>
ITALY	Amintore Fanfani <i>President of the Council of Ministers</i> Emilio Colombo <i>Minister of Foreign Affairs</i> Giovanni Gorla <i>Minister of the Treasury</i>
JAPAN	Yasuhiro Nakasone <i>Prime Minister</i> Shintaro Abe <i>Minister for Foreign Affairs</i> Noboru Takeshita <i>Minister of Finance</i> Sadanori Yamanaka <i>Minister of International Trade and Industry</i>
UNITED KINGDOM	Margaret Thatcher <i>Prime Minister</i> Francis Pym <i>Secretary of State for Foreign and Commonwealth Affairs</i> Geoffrey Howe <i>Chancellor of the Exchequer</i>
UNITED STATES OF AMERICA	Ronald Reagan <i>President</i> George P. Shultz <i>Secretary of State</i> Donald Regan <i>Secretary of the Treasury</i>
EUROPEAN COMMUNITIES	Gaston Thorn <i>President of the Commission</i>

DECLARATION

The Economic Recovery

Our nations are united in their dedication to democracy, individual freedom, creativity, moral purpose, human dignity, and personal and cultural development. It is to preserve, sustain, and extend these shared values that our prosperity is important.

The recession has put our societies through a severe test, but they have proved resilient. Significant success has been achieved in reducing inflation and interest rates; there have been improvements in productivity; and we now clearly see signs of recovery.

Nevertheless, the industrialized democracies continue to face the challenge of ensuring that the recovery materializes and endures, in order to reverse a decade of cumulative inflation and reduce unemployment. We must all focus on achieving and maintaining low inflation, and reducing interest rates from their present too-high levels. We renew our commitment to reduce structural budget deficits, in particular, by limiting the growth of expenditures.

We recognize that we must act together and that we must pursue a balanced set of policies that take into account and exploit relationships between growth, trade, and finance, in order that recovery may spread to all countries, developed and developing alike.

In pursuance of these objectives, we have agreed as follows:

1. Our governments will pursue appropriate monetary and budgetary policies that will be conducive to low inflation, reduced interest rates, higher productive investment and greater employment opportunities, particularly for the young.

2. The consultation process initiated at Versailles will be enhanced to promote convergence of economic performance in our economies and greater stability of exchange rates, on the lines indicated in an annex to this Declaration. We agree to pursue closer consultations on policies affecting exchange markets and on market conditions. While retaining our freedom to operate independently, we are willing to undertake coordinated intervention in exchange markets in instances where it is agreed that such intervention would be helpful.

3. We commit ourselves to halt protectionism, and as recovery proceeds to reverse it by dismantling trade barriers. We intend to consult within appropriate existing fora on ways to implement and monitor this commitment. We shall give impetus to resolving current trade problems. We will actively pursue the current work programs in the General Agreement on Tariffs and Trade (GATT) and Organization for Economic Cooperation and Development, including trade in services and in high technology products. We should work to achieve further trade liberalization negotiations in the GATT, with particular emphasis on expanding trade with and among developing countries. We have agreed to continue consultations on proposals for a new negotiating round in the GATT.

4. We view with concern the international financial situation, and especially the debt burdens of many developing nations. We agree to a strategy based on: effective adjustment and development policies by debtor nations; adequate private and official financing; more open markets; and worldwide economic recovery. We will seek early ratification of the increases in resources for the International Monetary Fund and the General Arrangements to Borrow. We encourage closer cooperation and timely sharing of information among countries and the international institutions, in particular between the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), and the GATT.

5. We have invited Ministers of Finance, in consultation with the Managing Director of the IMF, to define the conditions for improving the international monetary system and to consider the part which

might, in due course, be played in this process by a high-level international monetary conference.

6. The weight of the recession has fallen very heavily on developing countries and we are deeply concerned about their recovery. Restoring sound economic growth while keeping our markets open is crucial. Special attention will be given to the flow of resources, in particular official development assistance, to poorer countries, and for food and energy production, both bilaterally and through appropriate international institutions. We reaffirm our commitments to provide agreed funding levels for the International Development Association. We welcome the openness to dialogue which the developing countries evinced at the recent conferences of the Non-Aligned Movement in New Delhi and the Group of 77 in Buenos Aires, and we share their commitment to engage with understanding and cooperation in the forthcoming meeting of the United Nations Conference on Trade and Development in Belgrade.

7. We are agreed upon the need to encourage both the development of advanced technology and the public acceptance of its role in promoting growth, employment and trade. We have noted with approval the report of the Working Group on Technology, Growth and Employment which was set up at Versailles last year, and commend the progress made in the 18 cooperative projects discussed in that report. We will follow the implementation and coordination of work on these projects, and look forward to receiving a further report at our next meeting.

8. We all share the view that more predictability and less volatility in oil prices would be helpful to world economic prospects. We agree that the fall in oil prices in no way diminishes the importance and urgency of efforts to conserve energy, to develop economic alternative energy sources, to maintain and, where possible, improve contacts between oil-exporting and importing countries, and to encourage the growth of indigenous energy production in developing countries which at present lack it.

9. East-West economic relations should be compatible with our

security interests. We take note with approval of the work of the multilateral organizations which have in recent months analyzed and drawn conclusions regarding the key aspects of East-West economic relations. We encourage continuing work by these organizations, as appropriate.

10. We have agreed to strengthen cooperation in protection of the environment, in better use of natural resources, and in health research.

Our discussions here at Williamsburg give us new confidence in the prospects for a recovery. We have strengthened our resolve to deal cooperatively with continuing problems so as to promote a sound and sustainable recovery, bringing new jobs and a better life for the people of our own countries and of the world.

We have agreed to meet again next year, and have accepted the British Prime Minister's invitation to meet in the United Kingdom.

ANNEX

Strengthening Economic Cooperation for Growth and Stability

I. We have examined in the light of our experience the procedures outlined in the undertakings agreed at Versailles last year which seek to ensure greater monetary stability in the interest of balanced growth and progress of the world economy.

II. We reaffirm the objectives of achieving non-inflationary growth of income and employment, and promoting exchange market stability through policies designed to bring about greater convergence of economic performance in this direction.

III. We are reinforcing our multilateral cooperation with the International Monetary Fund in its surveillance activities, according to the procedures agreed at Versailles, through the following approach:

A. We are focusing on near-term policy actions leading to convergence of economic conditions in the medium term. The

overall medium-term perspective remains essential, both to ensure that short-term policy innovations do not lead to divergence and to reassure business and financial markets.

B. In accordance with the agreement reached at Versailles, we are focusing our attention on issues in the monetary and financial fields including interaction with policies in other areas. We shall take fully into account the international implications of our own policy decisions. Policies and objectives that will be kept under review include:

1. Monetary Policy. Disciplined non-inflationary growth of monetary aggregates, and appropriate interest rates, to avoid subsequent resurgence of inflation and rebound in interest rates, thus allowing room for sustainable growth.
2. Fiscal Policy. We will aim, preferably through discipline over government expenditures, to reduce structural budget deficits and bear in mind the consequences of fiscal policy for interest rates and growth.
3. Exchange Rate Policy. We will improve consultations, policy convergence and international cooperation to help stabilize exchange markets, bearing in mind our conclusions on the Exchange Market Intervention Study.
4. Policies Toward Productivity and Employment. While relying on market signals as a guide to efficient economic decisions, we will take measures to improve training and mobility of our labor forces, with particular concern for the problems of youth unemployment, and promote continued structural adjustment, especially by:
 - enhancing flexibility and openness of economies and financial markets.
 - encouraging research and development as well as profitability and productive investment.
 - continued efforts in each country, and improved international

cooperation, where appropriate, on structural adjustment measures (e.g., regional, sectoral, energy policies).

IV. We shall continue to assess together regularly in this framework the progress we are making, consider any corrective action which may be necessary from time to time, and react promptly to significant changes.

DECLARATION ON SECURITY

1. As leaders of our seven countries, it is our first duty to defend the freedom and justice on which our democracies are based. To this end, we shall maintain sufficient military strength to deter any attack, to counter any threat, and to ensure peace. Our arms will never be used except in response to aggression.

2. We wish to achieve lower levels of arms through serious arms control negotiations. With this statement, we reaffirm our dedication to the search for peace and meaningful arms reductions. We are ready to work with the Soviet Union to this purpose and call upon the Soviet Union to work with us.

3. Effective arms control agreements must be based on the principle of equality and must be verifiable. Proposals have been put forward from the Western side to achieve positive results in various international negotiations: on strategic weapons (START), on intermediate-range nuclear missiles (INF), on chemical weapons, on reduction of forces in Central Europe (MBFR), and a Conference on Disarmament in Europe (CDE).

4. We believe that we must continue to pursue these negotiations with impetus and urgency. In the area of INF, in particular, we call upon the Soviet Union to contribute constructively to the success of the negotiations. Attempts to divide the West by proposing inclusion of the deterrent forces of third countries, such as those of France and the United Kingdom, will fail. Consideration of these systems has no place in the INF negotiations.

5. Our nations express the strong wish that a balanced INF agreement be reached shortly. Should this occur, the negotiations will determine the level of deployment. It is well known that should this not occur, the countries concerned will proceed with the planned deployment of the US systems in Europe at the end of 1983.

6. Our nations are united in efforts for arms reductions and will continue to carry out thorough and intensive consultations. The security of our countries is indivisible and must be approached on a global basis. Attempts to avoid serious negotiation by seeking to influence public opinion in our countries will fail.

7. We commit ourselves to devote our full political resources to reducing the threat of war. We have a vision of a world in which the shadow of war has been lifted from all mankind, and we are determined to pursue that vision.

LONDON

JUNE 7-9, 1984

LIST OF PARTICIPANTS

LONDON, JUNE 7-9, 1984

CANADA	Pierre Elliot Trudeau <i>Prime Minister</i> Allan J. MacEachen <i>Secretary of State for External Affairs</i> Marc Lalonde <i>Minister of Finance</i>
FEDERAL REPUBLIC OF GERMANY	Helmut Kohl <i>Federal Chancellor</i> Hans-Dietrich Genscher <i>Federal Minister of Foreign Affairs</i> Gerhard Stoltenberg <i>Federal Minister of Finance</i> Otto Lambsdorff <i>Federal Minister of Economy</i>
FRANCE	François Mitterrand <i>President</i> Claude Cheysson <i>Minister of External Relations</i> Jacques Delors <i>Minister for the Economy, Finance and Budget</i>
ITALY	Bettino Craxi <i>President of the Council of Ministers</i> Giulio Andreotti <i>Minister of Foreign Affairs</i> Giovanni Goria <i>Minister of the Treasury</i>
JAPAN	Yasuhiro Nakasone <i>Prime Minister</i> Shintaro Abe <i>Minister for Foreign Affairs</i> Noboru Takeshita <i>Minister of Finance</i>
UNITED KINGDOM	Margaret Thatcher <i>Prime Minister</i> Geoffrey Howe <i>Secretary of State for Foreign and Commonwealth Affairs</i> Nigel Lawson <i>Chancellor of the Exchequer</i>
UNITED STATES OF AMERICA	Ronald Reagan <i>President</i> George P. Shultz <i>Secretary of State</i> Donald Regan <i>Secretary of the Treasury</i>
EUROPEAN COMMUNITIES	Gaston Thorn <i>President of the Commission</i> François Xavier Ortoli <i>Vice-President of the Commission</i>

DECLARATION

The Economy

1. We, the Heads of State or Government of seven major industrialised countries and the President of the Commission of the European Communities, have gathered in London from 7 to 9 June 1984 at the invitation of the Rt Hon Margaret Thatcher FRS MP, the Prime Minister of the United Kingdom, for the tenth annual Economic Summit.

2. The primary purpose of these meetings is to enable Heads of State or Government to come together to discuss economic problems, prospects and opportunities for our countries and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

3. At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in our countries. It is more soundly based than previous recoveries in that it results from the firm efforts made in the Summit countries and elsewhere over recent years to reduce inflation.

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialised countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and dampen inflationary expecta-

tions, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

5. Not the least of our concerns is the growing strain of public expenditure in all our countries. Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

6. As unemployment in our countries remains high, we emphasise the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalise capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognised the economic interdependence of the industrialised and developing countries. We reaffirm our willingness to conduct our relations with them in a spirit of goodwill and co-operation. To this end we have asked Ministers of Finance to consider the scope for intensified discussion of international financial issues of particular concern to developing countries in the IBRD Development Committee, an appropriate and broadly representative forum for this purpose.

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world

trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

9. We have therefore agreed:

- 9.1 to continue with and where necessary strengthen policies to reduce inflation and interest rates, to control monetary growth and where necessary reduce budgetary deficits;
- 9.2 to seek to reduce obstacles to the creation of new jobs:
 - by encouraging the development of industries and services in response to demand and technological change, including in innovative small and medium-sized businesses;
 - by encouraging the efficient working of the labour market;
 - by encouraging the improvement and extension of job training;
 - by encouraging flexibility in the patterns of working time;
 - and by discouraging measures to preserve obsolescent production and technology;
- 9.3 to support and strengthen work in the appropriate international organisations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and promoting growth, in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonising standards and facilitating the mobility of labour and capital;

- 9.4 to maintain and wherever possible increase flows of resources, including official development assistance and assistance through the international financial and development institutions, to the developing countries and particularly to the poorest countries; to work with the developing countries to encourage more openness towards private investment flows; and to encourage practical measures in those countries to conserve resources and enhance indigenous food and energy production. Some of us also wish to activate the Common Fund for Commodities;
- 9.5 in a spirit of co-operation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:
- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;
 - encouraging the IMF in its central role in this process, which it has been carrying out skilfully;
 - encouraging closer co-operation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;
 - in cases where debtor countries are themselves making successful efforts to improve their position, encouraging more extended multi-year rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;
 - encouraging the flow of long-term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing coun-

- tries, so these countries can help themselves by encouraging investment from the industrial countries;
- encouraging the substitution of more stable long-term finance, both direct and portfolio, for short-term bank lending;
- 9.6 to invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international liquidity and the role of the IMF; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the IMF Interim Committee in September 1984;
 - 9.7 to carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;
 - 9.8 to seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised countries;
 - 9.9 to urge all trading countries, industrialised and developing alike, to resist continuing protectionist pressures, to reduce barriers to trade and to make renewed efforts to liberalise and expand international trade in manufactures, commodities and services;
 - 9.10 to accelerate the completion of current trade liberalisation programmes, particularly the 1982 GATT work programme,

in co-operation with other trading partners; to press forward with the work on trade in services in the international organisations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new Round of Multilateral Trade Negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT with a view to decisions at an early date on the possible objectives, arrangements and timing for a new negotiating round.

10. We are greatly concerned about the acute problems of poverty and drought in parts of Africa. We attach major importance to the special action programme for Africa which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international co-operation and mutually supportive action. We will continue to act together to that end.

12. We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries, and on the need to continue work on this subject in the appropriate organisations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of co-operation, and invite the Group to pursue further work and to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an in-

ternational conference to be held in Italy in 1985 on the theme of technological innovation and the creation of new jobs.

14. We recognise the international dimension of environmental problems and the role of environmental factors in economic development. We have invited Ministers responsible for environmental policies to identify areas for continuing co-operation in this field. In addition we have decided to invite the Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage. The Group is invited to report on these matters by 31 December 1984. In the meantime we welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second conference in 1985.

16. We believe that manned space stations are the kind of programme that provides a stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of national or international programmes. In that context each of our countries will consider carefully the generous and thoughtful invitation received from the President of the United States to other Summit countries to participate in the development of such a station by the United States. We welcome the intention of the United States to report at the next Summit on international participation in their programme.

17. We have agreed to meet again next year and have accepted the

Federal Chancellor's invitation to meet in the Federal Republic of Germany.

DECLARATION ON DEMOCRATIC VALUES

1. We, the Heads of State or Government of seven major industrial democracies with the President of the Commission of the European Communities, assembled in London for the Tenth Economic Summit meeting, affirm our commitment to the values which sustain and bring together our societies.

2. We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity.

3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

4. We believe that, in the political and economic systems of our democracies, it is for Governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which the ideals of social justice, obligations and rights can be pursued; in which enterprise can flourish and employment opportunities can be available for all; in which all have equal opportunities of sharing in the benefits of growth and there is support for those who suffer or are in need; in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery; and in which there can be confidence in the soundness of the currency. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.

5. We believe in close partnership among our countries in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for co-operation with all countries on the basis of respect for their independence and territorial integri-

ty, regardless of differences between political, economic and social systems. We respect genuine non-alignment. We are aware that economic strength places special moral responsibilities upon us. We reaffirm our determination to fight hunger and poverty throughout the world.

6. We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence. We believe that in today's world the independence of each of our countries is of concern to us all. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.

7. Strong in these beliefs, and endowed with great diversity and creative vigour, we look forward to the future with confidence.

DECLARATION ON INTERNATIONAL TERRORISM

1. The Heads of State and Government discussed the problem of international terrorism.

2. They noted that hijacking and kidnapping had declined since the Declarations of Bonn (1978), Venice (1980) and Ottawa (1981) as a result of improved security measures, but that terrorism had developed other techniques, sometimes in association with traffic in drugs.

3. They expressed their resolve to combat this threat by every possible means, strengthening existing measures and developing effective new ones.

4. They were disturbed to note the ease with which terrorists move across international boundaries, and gain access to weapons, explosives, training and finance.

5. They viewed with serious concern the increasing involvement of states and governments in acts of terrorism, including the abuse

of diplomatic immunity. They acknowledged the inviolability of diplomatic missions and other requirements of international law: but they emphasised the obligations which that law also entails.

6. Proposals which found support in the discussion included the following:

- closer co-operation and co-ordination between police and security organisations and other relevant authorities, especially in the exchange of information, intelligence and technical knowledge;

- scrutiny by each country of gaps in its national legislation which might be exploited by terrorists;

- use of the powers of the receiving state under the Vienna Convention in such matters as the size of diplomatic missions, and the number of buildings enjoying diplomatic immunity;

- action by each country to review the sale of weapons to states supporting terrorism;

- consultation and as far as possible cooperation over the expulsion or exclusion from their countries of known terrorists, including persons of diplomatic status involved in terrorism.

7. The Heads of State and Government recognised that this is a problem which affects all civilised states. They resolved to promote action through competent international organisations and among the international community as a whole to prevent and punish terrorist acts.

DECLARATION ON EAST-WEST RELATIONS AND ARMS CONTROL

1. We had a substantial discussion of East-West relations. We stressed that the first need is for solidarity and resolve among us all.

2. At the same time, we are determined to pursue the search for extended political dialogue and long-term co-operation with the Soviet Union and her allies. Contacts exist and are being developed in a number of fields. Each of us will pursue all useful opportunities for dialogue.

3. Our aim is security and the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations and the speedy resumption of those now suspended. The United States has offered to re-start nuclear arms control talks anywhere, at any time, without pre-conditions. We hope that the Soviet Union will act in a constructive and positive way. We are convinced that this would be in the common interest of both East and West. We are in favour of agreements which would build confidence and give concrete expression, through precise commitments, to the principle of the non-use of force.

4. We believe that East and West have important common interests: in preserving peace; in enhancing confidence and security; in reducing the risks of surprise attack or war by accident; in improving crisis management techniques; and in preventing the spread of nuclear weapons.

STATEMENT BY THE CHAIR: THE IRAQ/IRAN CONFLICT

1. We discussed the Iraq/Iran conflict in all its various aspects.

2. We expressed our deep concern at the mounting toll in human suffering, physical damage and bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.

3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other states. The principle of freedom of navigation must be respected. We are concerned that the conflict should not spread further and we shall do what we can to encourage stability in the region.

4. We encourage the parties to seek a peaceful and honourable settlement. We shall support any efforts designed to bring this about, particularly those of the United Nations Secretary-General.

5. We also considered the implications for world oil supplies on the

LONDON, JUNE 7-9, 1984

lines set out in the Declaration on the Economy. We noted that the world oil market has remained relatively stable. We believe that the international system has both the will and the capacity to cope with any foreseeable problems through the continuation of the prudent and realistic approach that is already being applied.

BONN

MAY 2-4, 1985

LIST OF PARTICIPANTS

BONN, MAY 2-4, 1985

CANADA	Brian Mulroney <i>Prime Minister</i> Joe Clark <i>Secretary of State for External Affairs</i> Michael H. Wilson <i>Minister of Finance</i>
FEDERAL REPUBLIC OF GERMANY	Helmut Kohl <i>Federal Chancellor</i> Hans-Dietrich Genscher <i>Federal Minister of Foreign Affairs</i> Gerhard Stoltenberg <i>Federal Minister of Finance</i> Martin Bangemann <i>Federal Minister of Economy</i>
FRANCE	François Mitterrand <i>President</i> Roland Dumas <i>Minister of External Relations</i> Pierre Bérégovoy <i>Minister for the Economy, Finance and Budget</i>
ITALY	Bettino Craxi <i>President of the Council of Ministers</i> Giulio Andreotti <i>Minister of Foreign Affairs</i> Giovanni Goria <i>Minister of the Treasury</i>
JAPAN	Yasuhiro Nakasone <i>Prime Minister</i> Shintaro Abe <i>Minister for Foreign Affairs</i> Noboru Takeshita <i>Minister of Finance</i>
UNITED KINGDOM	Margaret Thatcher <i>Prime Minister</i> Geoffrey Howe <i>Secretary of State for Foreign and Commonwealth Affairs</i> Nigel Lawson <i>Chancellor of the Exchequer</i>
UNITED STATES OF AMERICA	Ronald Reagan <i>President</i> George P. Shultz <i>Secretary of State</i> James A. Baker <i>Secretary of the Treasury</i>
EUROPEAN COMMUNITIES	Jacques Delors <i>President of the Commission</i> Willy De Clerq <i>Member of the Commission</i> Alois Pfeiffer <i>Member of the Commission</i>

DECLARATION

Towards Sustained Growth and Higher Employment

1. Conscious of the responsibility which we bear, together with other Governments, for the future of the world economy and the preservation of natural resources, we, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, meeting in Bonn from 2 to 4 May 1985, have discussed the economic outlook, problems, and prospects for our countries and the world.

2. World economic conditions are better than they have been for a considerable time. Since we last met, further progress has been achieved in bringing down inflation and strengthening the basis for growth. The recovery in the industrial countries has begun to spread to the developing world. The debt problems of developing countries, though far from solved, are being flexibly and effectively addressed.

3. Nevertheless, our countries still face important challenges. Above all, we need:

- to strengthen the ability of our economies to respond to new developments;
- to increase job opportunities;
- to reduce social inequalities;
- to correct persistent economic imbalances;
- to halt protectionism; and
- to improve the stability of the world monetary system.

4. Our discussions of these challenges have led us to the following conclusions:

- (a) The best contribution we can make to a lasting new prosperity

in which all nations can share is unremittingly to pursue, individually in our own countries and co-operatively together, policies conducive to sustained growth and higher employment.

- (b) The prosperity of developed and developing countries has become increasingly linked. We will continue to work with the developing countries in a spirit of true partnership.
- (c) Open multilateral trade is essential to global prosperity and we urge an early and substantial reduction of barriers to trade.
- (d) We seek also to make the functioning of the world monetary system more stable and more effective.
- (e) Economic progress and the preservation of the natural environment are necessary and mutually supportive goals. Effective environmental protection is a central element in our national and international policies.

Growth and Employment

5. In order to sustain non-inflationary growth and higher employment, we have agreed that:

— We will consolidate and enhance the progress made in bringing down inflation.

— We will follow prudent, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive, and, where necessary, the share of public spending in Gross National Product.

— We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.

— We will promote greater adaptability and responsiveness in all markets, particularly the labour market.

— We will encourage training to improve occupational skills, particularly for the young.

— We will exploit to the full the opportunities for prosperity and the creation of permanent jobs, provided by economic change and technological progress.

6. Building on these common principles, each of us has indicated the specific priorities for national policies.

— The President of the United States considers it essential to achieve a rapid and appreciable cut in public expenditure and thus a substantial reduction in the budget deficit. He stresses also the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources and stimulating new saving and investment.

— The President of the French Republic stresses the need to continue bringing down inflation, to modernize the means of production and to improve employment, to control public spending and to combat social inequality. In that context he attaches high priority to education, research and investment in high technologies with a view to sustained growth.

— The Government of the United Kingdom will continue to work to reduce inflation and to create the conditions for sustained growth. It will continue to keep public spending under strict control and maintain monetary discipline. It will promote the development of small and medium-sized businesses and advanced technological industries, and encourage initiative and enterprise and the creation of new job opportunities.

— The Government of the Federal Republic of Germany attaches high priority to strengthening the flexibility and vigour of the economy in order to achieve a lasting improvement in growth and to create new jobs. Small and medium-sized businesses should be especially encouraged as well as high technologies. It will continue to reduce the claims of the public sector on the economy, the budget deficit and the burden of taxation.

— The Government of Japan considers it essential to persevere with its policy of budgetary discipline and strengthening market functions, particularly with a view to fostering investment. It intends to achieve further progress in deregulating financial markets, promoting the international role of the yen, facilitating access to markets and encouraging growth in imports.

— The Italian Government gives priority to the further reduction of inflation and of the public deficit, while sustaining growth and investment. Particular emphasis will be put on incentives to create small and medium-sized industries, especially in the field of high technology, and to promote employment, especially for young people.

— The Government of Canada will focus on promoting investment and creating jobs in the private sector, on removing obstacles to sustained non-inflationary growth, on reducing the budget deficit and on restraining government expenditure. It will encourage entrepreneurial activities, with emphasis on the small and medium-sized business sectors.

— The Commission of the European Communities attaches high priority to completing a genuine internal market without barriers, which will eliminate rigidities and generate fresh economic growth on a Community-wide scale. A strengthened European Monetary System and closer economic convergence will further serve this end.

By pursuing these policies we will not only address our domestic problems, but at the same time contribute to an enduring growth of the world economy and a more balanced expansion of international trade.

Relations with Developing Countries

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term debt restructuring agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi-year reschedulings of debts to governments and government agencies.

8. We continue to encourage the constructive dialogue with the developing countries in the existing international institutions with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved cooperation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor foremost among the group of major debtors. We agree that consideration should be given to easing the financial constraints of these countries on a case-by-case basis.

9. We are deeply concerned about the plight of African peoples who are suffering from famine and drought. We welcome the positive response from our citizens and from private organizations, as well as

the substantial assistance provided by the governments of many countries and the establishment by the World Bank of the Special Facility for Subsaharan Africa. We shall continue to supply emergency food aid. In addition, we shall intensify our co-operation with African countries to help them develop their economic potential and a long-term food strategy, based on their own agricultural programmes. We are prepared to promote increases in food production by supplying agricultural inputs such as seed, pesticides and fertilizers, within the framework of agricultural development projects. We agree upon the need to improve the existing early warning systems and improve transportation arrangements. Political obstacles in the countries concerned should not be allowed to stand in the way of the delivery of food to the hungry. We emphasize the need to examine the establishment of a research network on dry zone grains. We shall strengthen our co-operation with African countries in fighting against desertification. Continued efforts are needed by all countries to a position to contribute to any or all of this work. We call upon the Soviet Union and other Communist countries to assume their responsibilities in this regard. We have set up an expert group to prepare proposals for follow-up measures to be reported to Foreign Ministers by September 1985.

Multilateral Trading System and International Monetary System

10. Protectionism does not solve problems; it creates them. Further tangible progress in relaxing and dismantling existing trade restrictions is essential. We need new initiatives for strengthening the open multilateral trading system. We strongly endorse the agreement reached by the OECD Ministerial Council that a new GATT round should begin as soon as possible. Most of us think that this should be in 1986. We agreed that it would be useful that a preparatory meeting of senior officials should take place in the GATT before the end of the summer to reach a broad consensus on subject matter and modalities for such negotiations. We also agree that active participation of a significant number of developed and developing countries in such negotiations is essential. We are looking to a balanced package for negotiation.

11. It is also essential to improve the functioning of the international monetary system. We take note that the Finance Ministers of the Group of Ten, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals to be discussed at the next meeting of the Interim Committee of the International Monetary Fund in Seoul in October, with a view to making the international monetary system more stable and more effective.

Environmental Policies

12. New approaches and strengthened international co-operation are essential to anticipate and prevent damage to the environment, which knows no national frontiers. We shall co-operate in order to solve pressing environmental problems such as acid deposition and air pollution from motor vehicles and all other significant sources. We shall also address other concerns such as climatic change, the protection of the ozone layer and the management of toxic chemicals and hazardous wastes. The protection of soils, fresh water and the sea, in particular of regional seas, must be strengthened.

13. We shall harness both the mechanisms of government vigilance and the disciplines of the market to solve environmental problems. We shall develop and apply the «polluter pays» principle more widely. Science and technology must contribute to reconciling environmental protection and economic growth.

14. Improved and internationally harmonized techniques of environmental measurement are essential. We invite the environmental experts of the Technology, Growth and Employment Working Group to consult with the appropriate international bodies about the most efficient ways for achieving progress in this field.

15. We welcome the contribution made by the Environment Ministers to closer international co-operation on environmental concerns. We shall focus our co-operation within existing international

bodies, especially the OECD. We shall work with developing countries for the avoidance of environmental damage and disasters worldwide.

Co-operation in Science and Technology

16. We are convinced that international co-operation in research and technology in major projects should be enhanced to make maximum use of our scientific potential. We recognize that such projects require appropriately shared participation and responsibility as well as adequate rules concerning access to the results achieved, the transfer of technology and the use of technologies involved.

17. We welcome the positive responses of the Member States of the European Space Agency (ESA), Canada and Japan to the invitation of the President of the United States to co-operate in the United States Manned Space Station Programme on the basis of a genuine partnership and a fair and appropriate exchange of information, experience and technologies. Discussions on intergovernmental co-operation in development and utilization of permanently manned space stations will begin promptly. We also welcome the conclusions of the ESA Council on the need for Europe to maintain and expand its autonomous capability in space activity, and on the long-term European Space Plan and its objectives.

18. We welcome the report from the Technology, Growth and Employment Working Group on the work done in the eighteen areas of co-operation and invite the Group to complete its review by the end of the year. We welcome the positive contribution which the Ministerial Conference on «Technological Development and Employment» held in Venice has made towards wider acceptance of the role of technological change in promoting growth and employment. We also welcome the results of the Rambouillet Conference on Bioethics and thank the Federal Republic of Germany for its willingness to host a symposium on neurobiology in 1986.

19. We have agreed to meet again next year and have accepted the Japanese Prime Minister's invitation to meet in Japan.

POLITICAL DECLARATION ON THE 40TH ANNIVERSARY OF THE END OF THE SECOND WORLD WAR

The Heads of State or Government of Canada, the French Republic, the Federal Republic of Germany, the Republic of Italy, Japan, the United Kingdom and the United States, with the President of the Commission of the European Communities, meeting together in Bonn on the eve of the fortieth anniversary of the end of the Second World War, remember in grief all those who lost their lives in that time, whether by acts of war or as victims of inhumanity, repression and tyranny. We acknowledge the duty we owe to their memories, and to aid those who follow after them, to uphold peace, freedom and justice in our countries and in the world.

We have learned the lessons of history. The end of the war marked a new beginning. As the sounds of battle ceased, we tackled the tasks of moral and spiritual renewal and physical reconstruction. Transcending the hostilities which had once divided us we initiated on the basis of common values a process for reconciliation and cooperation amongst us. Today, linked in a peaceful, secure, and lasting friendship, we share in all our countries a commitment to freedom, democratic principles and human rights. We are proud that the governments of our countries owe their legitimacy to the will of our people, expressed in free elections. We are proud that our people are free to say and write what they will, to practise the religions they profess, and to travel where they will. We are committed to assuring the maintenance of societies in which individual initiative and enterprise may flourish and the ideals of social justice, obligations and rights may be pursued.

We recognize that we can secure those aims, and meet both the opportunities and the challenges presented by technological and industrial change, more effectively in partnership than on our own. In Europe, the Community, the embodiment of reconciliation and common pur-

pose, is growing in membership, strength and prosperity. The nations of the dynamic Pacific region are drawing even closer together. The partnership of North America, Europe and Japan is a guarantee of peace and stability in the world.

Other nations that shared with ours in the agonies of the Second World War are divided from us by fundamental differences of political systems. We deplore the division of Europe. In our commitment to the ideals of peace, freedom and democracy we seek by peaceful means to lower the barriers that have arisen within Europe. We believe that the CSCE process with its promise of enhancing human rights provides an opportunity to increase confidence, cooperation and security in Europe.

Considering the climate of peace and friendship which we have achieved among ourselves forty years after the end of the war we look forward to a stage of peace in Europe in which the German people will regain their unity through free self-determination; and in Asia we earnestly hope that a political environment will be created which permits the parties to overcome the division of the Korean peninsula in freedom.

As recognized in the Charter of the United Nations all countries have a joint responsibility to maintain international peace and security and to this end refrain from the threat and the use of force. We for our part share a determination to preserve the peace while protecting our democratic freedoms. To that end, each of us will work to maintain and strengthen a stable military balance at the lowest possible levels of forces, neither seeking superiority for ourselves nor neglecting our defenses. We are prepared to pursue a high-level dialogue to deal with the profound differences dividing East and West. We strongly support endeavours to strengthen the peace and enhance deterrence through the negotiation of meaningful reductions in existing levels of nuclear arms, limitations on conventional arms, the banning of chemical weapons and lessening the risks of conflict. We welcome the opening of negotiations in Geneva. We appreciate the positive proposals of the United States of America. We urge the Soviet Union to act positively and constructively in order to achieve significant agreements there.

We shall continue to seek to work with the developing countries, so as to help them to fight hunger and disease, to build free and prosperous societies, and to take their part in the community of nations committed to peace and freedom. We respect genuine non-alignment as an important contribution to international security and peace.

So, as we look back to the terrible suffering of the Second World War and the common experience of 40 years of peace and freedom, we dedicate ourselves and our countries anew to the creation of a world in which all peoples enjoy the blessings of peace, of justice, and of freedom from oppression, want and fear; a world in which individuals are able to fulfil their responsibilities for themselves, to their families and to their communities; a world in which all nations, large and small, combine to work together for a better future for all mankind.

TOKYO

MAY 4-6, 1986

LIST OF PARTICIPANTS

TOKYO, MAY 4-6, 1986

CANADA

Brian Mulroney *Prime Minister*
Joe Clark *Secretary of State for External Affairs*
Michael H. Wilson *Minister of Finance*

FEDERAL REPUBLIC OF GERMANY

Helmut Kohl *Federal Chancellor*
Hans-Dietrich Genscher *Federal Minister of Foreign Affairs*
Gerhard Stoltenberg *Federal Minister of Finance*
Martin Bangemann *Federal Minister of Economy*

FRANCE

François Mitterrand *President*
Jacques Chirac *Prime Minister*
Jean Bernard Raimond *Minister of Foreign Affairs*

ITALY

Bettino Craxi *President of the Council of Ministers*
Giulio Andreotti *Minister of Foreign Affairs*
Giovanni Goria *Minister of the Treasury*

JAPAN

Yasuhiro Nakasone *Prime Minister*
Shintaro Abe *Minister for Foreign Affairs*
Noboru Takeshita *Minister of Finance*
Michio Watanabe *Minister of Industry and International Trade*

UNITED KINGDOM

Margaret Thatcher *Prime Minister*
Geoffrey Howe *Secretary of State for Foreign and Commonwealth Affairs*
Nigel Lawson *Chancellor of the Exchequer*

UNITED STATES OF AMERICA

Ronald Reagan *President*
George P. Shultz *Secretary of State*
James A. Baker *Secretary of the Treasury*

EUROPEAN COMMUNITIES

Rudolphus Franciscus Maria Lubbers *President of the European Council*
Jacques Delors *President of the Commission*
Hans van den Broek *Minister of Foreign Affairs of the Netherlands*
Willy De Clerq *Member of the Commission*

DECLARATION

The Economy

1. We, the Heads of State or Government of seven major industrialized countries and the representatives of the European Community, meeting in Tokyo for the twelfth Economic Summit, have reviewed developments in the world economy since our meeting in Bonn a year ago, and have reaffirmed our continuing determination to work together to sustain and improve the prosperity and well-being of the peoples of our own countries, to support the developing countries in their efforts to promote their economic growth and prosperity, and to improve the functioning of the world monetary and trading systems.

2. Developments since our last meeting reflect the effectiveness of the policies to which we have committed ourselves at successive Economic Summits in recent years. The economies of the industrialized countries are now in their fourth year of expansion. In all our countries, the rate of inflation has been declining. With the continuing pursuit of prudent fiscal and monetary policies, this has permitted a substantial lowering of interest rates. There has been a significant shift in the pattern of exchange rates which better reflects fundamental economic conditions. For the industrialized countries, and indeed for the world economy, the recent decline in oil prices will help to sustain non-inflationary growth and to increase the volume of world trade, despite the difficulties which it creates for certain oil-producing countries. Overall, these developments offer brighter prospects for, and enhance confidence in, the future of the world economy.

3. However, the world economy still faces a number of difficult challenges which could impair sustainability of growth. Among these are high unemployment, large domestic and external imbalances, uncertainty about the future behaviour of exchange rates, persistent pro-

tectionist pressures, continuing difficulties of many developing countries and severe debt problems for some, and uncertainty about medium-term prospects for the levels of energy prices. If large imbalances and other distortions are allowed to persist for too long, they will present an increasing threat to world economic growth and to the open multilateral trading system. We cannot afford to relax our efforts. In formulating our policies, we need to look to the medium and longer term, and to have regard to the interrelated and structural character of current problems.

4. We stress the need to implement effective structural adjustment policies in all countries across the whole range of economic activities to promote growth, employment and the integration of domestic economies into the world economy. Such policies include technological innovation, adaptation of industrial structure and expansion of trade and foreign direct investment.

5. In each of our own countries, it remains essential to maintain a firm control of public spending within an appropriate medium-term framework of fiscal and monetary policies. In some of our countries there continue to be excessive fiscal deficits which the governments concerned are resolved progressively to reduce.

6. Since our last meeting we have had some success in the creation of new jobs to meet additions to the labour force, but unemployment remains excessively high in many of our countries. Non-inflationary growth remains the biggest single contributor to the limitation and reduction of unemployment, but it needs to be reinforced by policies which encourage job creation, particularly in new and high-technology industries, and in small businesses.

7. At the same time, it is important that there should be close and continuous coordination of economic policy among the seven Summit countries. We welcome the recent examples of improved coordination among the Group of Five Finance Ministers and Central Bankers, which have helped to change the pattern of exchange rates and to lower interest rates on an orderly and non-inflationary basis. We agree, however, that additional measures should be taken to ensure that pro-

cedures for effective coordination of international economic policy are strengthened further. To this end, the Heads of State or Government:

- agree to form a new Group of Seven Finance Ministers, including Italy and Canada, which will work together more closely and more frequently in the periods between the annual Summit meetings;
- request the seven Finance Ministers to review their individual economic objectives and forecasts collectively at least once a year, using the indicators specified below, with a particular view to examining their mutual compatibility;

With the representatives of the European Community:

- state that the purposes of improved coordination should explicitly include promoting non-inflationary economic growth, strengthening market-oriented incentives for employment and productive investment, opening the international trading and investment system, and fostering greater stability in exchange rates;
- reaffirm the undertaking at the 1982 Versailles Summit to cooperate with the IMF in strengthening multilateral surveillance, particularly among the countries whose currencies constitute the SDR, and request that, in conducting such surveillance and in conjunction with the Managing Director of the IMF, their individual economic forecasts should be reviewed, taking into account indicators such as GNP growth rates, inflation rates, interest rates, unemployment rates, fiscal deficit ratios, current account and trade balances, monetary growth rates, reserves, and exchange rates;
- invite the Finance Ministers and Central Bankers in conducting multilateral surveillance to make their best efforts to reach an understanding on appropriate remedial measures whenever there are significant deviations from an intended course; and recommend that remedial efforts focus first and foremost on underlying policy fundamentals, while reaffirming the 1983 Williamsburg commitment to intervene in exchange markets when to do so would be helpful.

The Heads of State or Government:

- request the Group of Five Finance Ministers to include Canada and Italy in their meetings whenever the management or the improvement of the international monetary system and related economic policy measures are to be discussed and dealt with;
- invite Finance Ministers to report progress at the next Economic Summit meeting.

These improvements in coordination should be accompanied by similar efforts within the Group of Ten.

8. The pursuit of these policies by the industrialized countries will help the developing countries in so far as it strengthens the world economy, creates conditions for lower interest rates, generates the possibility of increased financial flows to the developing countries, promotes transfer of technology and improves access to the markets of the industrialized countries. At the same time, developing countries, particularly debtor countries, can fit themselves to play a fuller part in the world economy by adopting effective structural adjustment policies, coupled with measures to mobilize domestic savings, to encourage the repatriation of capital, to improve the environment for foreign investment, and to promote more open trading policies. In this connection, noting in particular the difficult situation facing those countries highly dependent on exports of primary commodities, we agree to continue to support their efforts for further processing of their products and for diversifying their economies, and to take account of their export needs in formulating our own trade and domestic policies.

9. Private financial flows will continue to play a major part in providing for their development needs. We reaffirm our willingness to maintain and, where appropriate, expand official financial flows, both bilateral and multilateral, to developing countries. In this connection, we attach great importance to an early and substantial eighth replenishment of the International Development Association (IDA) and to a general capital increase of the World Bank when appropriate. We look

for progress in activating the Multilateral Investment Guarantee Agency.

10. We reaffirm the continued importance of the case-by-case approach to international debt problems. We welcome the progress made in developing the cooperative debt strategy, in particular, building on the United States initiative. The role of the international financial institutions, including the multilateral development banks, will continue to be central, and we welcome moves for closer cooperation among these institutions, and particularly between the IMF and the World Bank. Sound adjustment programmes will also need resumed commercial bank lending, flexibility in rescheduling debt and appropriate access to export credits.

11. We welcome the improvement which has occurred in the food situation in Africa. Nonetheless a number of African countries continue to need emergency aid, and we stand ready to assist. More generally, we continue to recognize the high priority to be given to meeting the needs of Africa. Measures identified in the Report on Aid to Africa adopted and forwarded to us by our Foreign Ministers should be steadily implemented. Assistance should focus in particular on the medium and long-term economic development of these countries. In this connection we attach great importance to continued cooperation through the Special Facility for Sub-Saharan African countries, early implementation of the newly established Structural Adjustment Facility of the IMF and the use of the IDA. We intend to participate actively in the forthcoming United Nations Special Session on Africa to lay the foundation for the region's long-term development.

12. The open multilateral trading system is one of the keys to the efficiency and expansion of the world economy. We reaffirm our commitment to halting and reversing protectionism, and to reducing and dismantling trade restrictions. We support the strengthening of the system and functioning of the GATT, its adaptation to new developments in world trade and to the international economic environment, and the bringing of new issues under international discipline. The new round should, *inter alia*, address the issues of trade

in services and trade-related aspects of intellectual property rights and foreign direct investment. Further liberalization of trade is, we believe, of no less importance for the developing countries than for ourselves, and we are fully committed to the preparatory process in the GATT with a view to the early launching of the new round of multilateral trade negotiations. We shall work at the September Ministerial meeting to make decisive progress in this direction.

13. We note with concern that a situation of global structural surplus now exists for some important agricultural products, arising partly from technological improvements, partly from changes in the world market situation, and partly from long-standing policies of domestic subsidy and protection of agriculture in all our countries. This harms the economies of certain developing countries and is likely to aggravate the risk of wider protectionist pressures. This is a problem which we all share and can be dealt with only in cooperation with each other. We all recognize the importance of agriculture to the well-being of rural communities, but we are agreed that, when there are surpluses, action is needed to redirect policies and adjust structure of agricultural production in the light of world demand. We recognize the importance of understanding these issues and express our determination to give full support to the work of the OECD in this field.

14. Bearing in mind that the recent oil price decline owes much to the cooperative energy policies which we have pursued during the past decade, we recognize the need for continuity of policies for achieving long-term energy market stability and security of supply. We note that the current oil market situation enables countries which wish to do so to increase stock levels.

15. We reaffirm the importance of science and technology for the dynamic growth of the world economy and take note, with appreciation, of the final report of the Working Group on Technology, Growth and Employment. We welcome the progress made by the United States Manned Space Programme and the progress made by the autonomous work of the European Space Agency (ESA). We stress the importance for genuine partnership of appropriate exchange of information, ex-

perience and technologies among the participating states. We also note with satisfaction the results of the Symposium on Neuroscience and Ethics, hosted by the Federal Republic of Germany and we appreciate the decision of the Canadian Government to host the next meeting.

16. We reaffirm our responsibility, shared with other governments, to preserve the natural environment, and continue to attach importance to international cooperation in the effective prevention and control of pollution and natural resources management. In this regard, we take note of the work of the environmental experts on the improvement and harmonization of the techniques and practices of environmental measurement, and ask them to report as soon as possible. We also recognize the need to strengthen cooperation with developing countries in the area of the environment.

17. We have agreed to meet again in 1987 and have accepted the invitation of the President of the Council of the Italian Government to meet in Italy.

STATEMENT ON INTERNATIONAL TERRORISM

1. We, the Heads of State or Government of seven major democracies and the representatives of the European Community, assembled here in Tokyo, strongly reaffirm our condemnation of international terrorism in all its forms, of its accomplices and of those, including governments, who sponsor or support it. We abhor the increase in the level of such terrorism since our last meeting, and in particular its blatant and cynical use as an instrument of government policy. Terrorism has no justification. It spreads only by the use of contemptible means, ignoring the values of human life, freedom and dignity. It must be fought relentlessly and without compromise.

2. Recognizing that the continuing fight against terrorism is a task which the international community as a whole has to undertake, we pledge ourselves to make maximum efforts to fight against that scourge. Terrorism must be fought effectively through determined, tenacious,

discreet and patient action combining national measures with international cooperation. Therefore, we urge all like-minded nations to collaborate with us, particularly in such international fora as the United Nations, the International Civil Aviation Organization and the International Maritime Organization, drawing on their expertise to improve and extend counter-measures against terrorism and those who sponsor or support it.

3. We, the Heads of State or Government agree to intensify the exchange of information in relevant fora on threats and potential threats emanating from terrorist activities and those who sponsor or support them, and on ways to prevent them.

4. We specify the following as measures open to any government concerned to deny to international terrorists the opportunity and the means to carry out their aims, and to identify and deter those who perpetrate such terrorism. We have decided to apply these measures within the framework of international law and in our own jurisdictions in respect of any state which is clearly involved in sponsoring or supporting international terrorism, and in particular of Libya, until such time as the state concerned abandons its complicity in, or support for, such terrorism. The measures are:

- refusal to export arms to states which sponsor or support terrorism;

- strict limits on the size of the diplomatic and consular missions and other official bodies abroad of states which engage in such activities, control of travel of members of such missions and bodies, and, where appropriate, radical reductions in, or even the closure of, such missions and bodies;

- denial of entry to all persons, including diplomatic personnel, who have been expelled or excluded from one of our states on suspicion of involvement in international terrorism or who have been convicted of such a terrorist offence;

- improved extradition procedures within due process of domestic law for bringing to trial those who have perpetrated such acts of terrorism;

- stricter immigration and visa requirements and procedures in respect of nationals of states which sponsor or support terrorism;
- the closest possible bilateral and multilateral cooperation between police and security organizations and other relevant authorities in the fight against terrorism.

Each of us is committed to work in the appropriate international bodies to which we belong to ensure that similar measures are accepted and acted upon by as many other governments as possible.

5. We will maintain close cooperation in furthering the objectives of this statement and in considering further measures. We agree to make the 1978 Bonn Declaration more effective in dealing with all forms of terrorism affecting civil aviation. We are ready to promote bilaterally and multilaterally further actions to be taken in international organizations or fora competent to fight against international terrorism in any of its forms.

STATEMENT ON THE IMPLICATIONS OF THE CHERNOBYL NUCLEAR ACCIDENT

We, the Heads of State or Government of seven major industrial nations and the Representatives of the European Community, have discussed the implications of the accident at the Chernobyl nuclear power station. We express our deep sympathy for those affected. We remain ready to extend assistance, in particular medical and technical, if and when requested.

Nuclear power is and, properly managed, will continue to be an increasingly widely used source of energy. For each country, the maintenance of safety and security is an international responsibility and each country engaged in nuclear power generation bears full responsibility for the safety of the design, manufacture, operation and maintenance of its installations. Each of our countries meets exacting standards. Each country, furthermore, is responsible for prompt pro-

vision of detailed and complete information on nuclear emergencies and accidents, in particular those with potential transboundary consequences. Each of our countries accepts that responsibility, and we urge the Government of the Soviet Union, which did not do so in the case of Chernobyl, to provide such information, as our and other countries have requested.

We note with satisfaction the Soviet Union's willingness to undertake discussions this week with the Director-General of the International Atomic Energy Agency (IAEA). We expect that these discussions will lead to the Soviet Union's participation in the desired post-accident analysis.

4. We welcome and encourage the work of the IAEA in seeking to improve international cooperation on the safety of nuclear installations, the handling of nuclear accidents and their consequences, and the provision of mutual emergency assistance. Moving forward from the relevant IAEA guidelines, we urge the early elaboration of an international convention committing the parties to report and exchange information in the event of nuclear emergencies or accidents. This should be done with the least possible delay.

LOOKING FORWARD TO A BETTER FUTURE

1. We, the Heads of State or Government of seven major industrial nations and the Representatives of the European Community, with roots deep in the civilizations of Europe and Asia, have seized the opportunity of our meeting at Tokyo to raise our sights not just to the rest of this century but into the next as well. We face the future with confidence and determination, sharing common principles and objectives, and mindful of our strengths.

2. Our shared principles and objectives, reaffirmed at past Summits, are bearing fruit. Nations surrounding the Pacific are thriving dynamically through free exchange, building on their rich and varied heritages. The countries of Western Europe, the Community members

in particular, are flourishing by raising their co-operation to new levels. The countries of North America, enriched by European and Asian cultures alike, are firm in their commitment to the realization in freedom of human potential. Throughout the world we see the powerful appeal of democracy and growing recognition that personal initiative, individual creativity and social justice are main sources of progress. More than ever we have all to join our energies in the search for a safer and healthier, more civilized and prosperous, free and peaceful world.

We believe that close partnership of Japan, North America and Europe will make a significant contribution toward this end.

3. We reaffirm our common dedication to preserving and strengthening peace, and as part of that effort, to building a more stable and constructive relationship between East and West. Each of us is ready to engage in co-operation in fields of common interest. Within existing alliances, each of us is resolved to maintain a strong and credible defence that can protect freedom and deter aggression, while not threatening the security of others. We know that peace cannot be safeguarded by military strength alone. Each of us is committed to addressing East-West differences through high-level dialogue and negotiation. To that end, each of us supports balanced, substantial and verifiable reductions in the level of arms; measures to increase confidence and reduce the risks of conflicts; and the peaceful resolution of disputes. Recalling the agreement between the United States and the Soviet Union to accelerate work at Geneva, we appreciate the United States' negotiating efforts; we shall work for improved respect for the rights of individuals throughout the world.

4. We proclaim our conviction that in today's world, characterized by ever increasing interdependence, our countries cannot enjoy lasting stability and prosperity without stability and prosperity in the developing world and without the co-operation among us which can achieve these aims. We pledge ourselves afresh to fight against hunger, disease and poverty, so that developing nations can also play a full part in building a common, bright future.

5. We owe it to future generations to pass on a healthy environment and a culture rich in both spiritual and material values. We are resolved to pursue effective international action to eliminate the abuse of drugs. We proclaim our commitment to work together for a world which respects human beings in the diversity of their talents, beliefs, cultures and traditions. In such a world based upon peace, freedom and democracy, the ideals of social justice can be realized and employment opportunities can be available for all. We must harness wisely the potential of science and technology, and enhance the benefits through cooperation and exchange. We have a solemn responsibility so to educate the next generation as to endow them with the creativity befitting the twenty-first century and to convey to them the value of living in freedom and dignity.

THEMATIC INDEX

EXPLANATORY NOTE: NUMBER INDICATES PAGE.

- Balance of Payments:* 14, 21, 30-31, 68, 77, 124, 138
Capital Markets: 20, 22-23, 27, 78, 79, 95, 110, 111, 113, 140
Debt: 15, 23, 35, 66, 67, 80, 94, 100, 110, 112, 127, 140, 140-141
East/West (economic): 15, 83, 92-93, 101-102, 114
East/West (security): 72-73, 83, 84-85, 104-105, 118, 132, 147
Employment: 14, 20, 27, 30, 39-41, 77-78, 91, 99, 103, 110, 111, 123-124, 125, 138
Energy: 16, 23, 28, 33-34, 42-43, 51-54, 56, 62-66, 82, 93, 101, 114, 142, 145-146
Environment: 43, 54, 64, 78, 82, 102, 110, 114-115, 124, 129-130, 143, 148
Inflation: 14, 20, 27, 29, 39-41, 51, 62, 77-78, 91, 99, 109-110, 113, 124
Interest Rates: 77, 78, 91, 99, 109-110, 111, 138, 140
Monetary Issues: 15, 20-21, 31, 47, 55, 68-69, 78, 91-92, 95, 100, 100-101, 102-103, 110, 111, 113, 124, 129, 138-140
North/South: 15, 16, 23, 28, 34-36, 43, 46-47, 55-56, 66-67, 79-81, 93-94, 101, 111-112, 114, 124, 127-128, 133, 141, 142, 147-148
Refugees: 57, 71, 85
Regional Security: 72-73, 84, 85, 119-120
Structural Change: 45, 55, 63, 78, 81, 103-104, 111, 124, 138
Technology: 54, 82, 94, 101, 111, 114, 115, 130-131, 142
Terrorism: 48, 57-58, 70-71, 73-74, 86-87, 117-118, 143-145
Trade: 14, 21-22, 27, 31-33, 44-46, 55, 69, 81, 92, 100, 110, 113, 124, 128, 140, 141-142

ISSUES AND SUMMITS

	<i>Rambouillet</i> 1975	<i>San Juan</i> (<i>Puerto Rico</i>) 1976	<i>London</i> (<i>Downing Street</i>) 1977	<i>Bonn</i> 1978	<i>Tokyo</i> 1979
Balance of payments	*	*			
Capital markets		*	*		
Debt	*	*	*		
East/West (economic)	*				
East/West (security)					
Employment	*	*	*	*	
Energy	*	*	*	*	*
Environment				*	*
Inflation	*	*	*	*	*
Interest Rates					
Monetary Issues	*	*	*	*	*
North/South	*	*	*	*	*
Refugees					*
Regional Security					
Structural Change				*	*
Technology					*
Terrorism				*	*
Trade	*	*	*	*	*

<i>Venice</i> 1980	<i>Ottawa</i> 1981	<i>Versailles</i> 1982	<i>Williamsburg</i> <i>(Virginia)</i> 1983	<i>London</i> 1984	<i>Bonn</i> 1985	<i>Tokyo</i> 1986
*	*				*	*
	*	*		*		*
*	*	*	*	*	*	*
	*	*	*	*		
*	*		*	*	*	*
	*	*	*	*	*	*
*	*	*	*	*		*
*	*		*	*	*	*
	*	*	*	*	*	
	*	*	*	*		*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*					
*	*		*			
*	*		*	*	*	*
	*	*	*	*	*	*
*	*			*		*
*	*	*	*	*	*	*

BASIC BOOK REFERENCES

De Menil - Solomon, *Economic Summitry*, Council on Foreign Relations, 1983

Fowler - Burgess, *Harmonizing Economic Policy: Summit Meetings and Collective Leadership*, The Atlantic Council, 1977

Hellman, *Weltwirtschaftsgipfel, Wozu?*, Nomos, 1982

Merlini (ed.), *Economic Summits and Western Decision-Making*, Croom Helm, 1984 (an updated Italian version was published in 1985: *I vertici. Cooperazione e Competizione tra Paesi Occidentali*, ADN Kronos)

Putnam - Bayne, *Hanging Together. The Seven-Power Summits*, Harvard University Press, 1984

Robinson - Turner - Halmgren, *Summit Meetings and Collective Leadership in the 1980's*, The Atlantic Council, 1980