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CABINET

DEFENCE AND OVERSEAS POLICY COMMITTEE

GLOBAL NEGOTIATIONS

Memorandum by the Secretary of State for Foreign
and Commonwealth Affairs

INTRODUCTION

1. A round of North/South Global Negotiations is to be launched at the United Nations in the Autumn. This paper outlines their origin and likely content and indicates how the preparatory phase will be organised. No decisions are required but Ministers should be aware that some difficult situations are likely to arise during the course of this exercise.

ORIGIN OF THE GLOBAL ROUND

2. A General Assembly Resolution last December called for 'a round of global and sustained negotiations on international economic cooperation for development' which should include 'major issues in the fields of raw materials, energy, trade, development, money and finance'. The UN Committee of the Whole (COW) was charged with making the necessary preparations.

3. These negotiations represent a new attempt on the part of the developing countries to press for progress towards the 'New International Economic Order' with its demands, at the economic level, for a greater transfer of resources (and manufacturing capacity) to the developing countries, reform of the international monetary system (including perhaps renewed pressure for debt relief) and, at the political level, a greater share for them in the international process of decision taking on economic matters. We shall, of course, have to deal with these demands at a time of general and severe economic difficulty.

4. The present negotiations are the result of an Algerian initiative launched after OPEC countries had come under pressure from the

/non-oil

non-oil LDCs for discussion of energy at UNCTAD V in May 1979 and again at the Havana Summit of the Non-Aligned in September 1979. By thus linking energy with the traditional North/South issues the Algerians no doubt hoped to deflect towards the developed countries pressure from the LDCs for assistance. We were opposed to this suggestion from the start, but were unable to persuade our partners and eventually fell in with a Group B consensus that we should acquiesce.

UK APPROACH

5. We have no undue expectations of these negotiations, which must to some extent be an exercise in damage limitation. However, since participation is now inevitable, we believe that we and our partners should avoid too defensive a posture. We should underline the degree to which remedies lie in the hands of developing countries themselves. We should point to the record of what we have already done and we should be prepared to look for proposals that would be of benefit to both developed and developing countries. But we should recognise that most of this ground has been well trodden and must avoid raising expectations.

6. Difficult issues are likely to arise in the discussion of energy which - unlike other global negotiation issues - is not the subject of continuing negotiations in the UN. We hope, when the global round itself starts, to set up a special body for the energy discussions which might provide the basis for a continuing international energy forum. But this may run into opposition from the OPEC countries. Our general aim will be to make progress towards greater predictability and stability in oil prices and supply. We shall not be able to achieve this without concessions on our part both to the OPEC countries and probably to the rest of the Group of 77. OPEC's list of demands are likely to include the indexation of their financial assets, access to markets, the transfer of technology and further assistance to developing countries. On the instructions of Ministers a study is in hand of the pros and cons of various possibilities for an understanding on this. (Ministerial correspondence initiated by letter of 28 January from the Secretary of State for Energy to the Lord Privy Seal). The difficulties will clearly be great, particularly if it were to be attempted in such a forum as the Global Negotiations.

/PREPARATORY PHASE

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PREPARATORY PHASE

7. HMG's position is being prepared at official level by the Official Committee on Relations with the Developing Countries (DCO), under Cabinet Office chairmanship, and with representatives of all interested Departments.

8. Preparation is also taking place at official level in the European Community, at the OECD and IEA, as well as in the Committee of the Whole. A list of the preparatory meetings currently envisaged is at Annex A to this paper.

9. It will be our aim in the preparatory phase to preserve the competence of existing institutions, avoid duplicating the work of existing bodies and minimise disturbance to negotiations already in train. We shall seek a selective agenda that would offer better prospects for progress, but not in such a manner that we should have to pay a price for it. It will be important that the industrialised countries should work together effectively; we will do what we can to promote this.

COMMUNITY ASPECTS

10. Community Ministers will have a first discussion at the Foreign Affairs Council on 17 March where they will consider a Commission document, a report by a High Level Group of Officials and draft conclusions. This meeting is expected to agree a Community position on procedures, leaving open questions of substance. There may be a suggestion (which we would oppose) that North/South matters should be placed on the agenda of the European Council.

11. In preparation for the Global Negotiations, it will be our aim to secure a common approach on the part of the Community (and industrialised countries more generally) taking due account of the economic realities. This may not always be easy to achieve, for example if our partners are disposed to accept G77 proposals for increases in ODA. We shall wish to take particular care to ensure that we are not prematurely committed to Community positions of substance. We shall also wish to preserve the possibility of speaking on a national basis during the negotiations themselves where we judge it necessary. We shall oppose formulations and proposals which may unduly raise expectations. These points will

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be covered more fully in briefing for the relevant Community meetings.

TIME FRAME

12. The Global Round will not start until late 1980 or early 1981. It is expected to last 9-18 months so that part of it will fall under our Presidency in the second half of 1981. Preparations are still at an early stage; it is too soon to estimate what decisions will be required and when they may be needed.

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Foreign and Commonwealth Office

17 March 1980

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ANNEX A

Note

The meetings in square brackets are relevant to the Global Negotiations but are not strictly part of it.

[17 - 18 March	Foreign Affairs Council, Brussels]
24 March	EC High Level Group (of officials)
25 - 26 March	OECD North/South Group (Tygesen Group)
31 March - 11 April	Committee of the Whole, New York
[31 March - 1 April	European Council]
28 April	EC High Level Group
29 - 30 April	OECD North/South Group (Tygesen Group)
[24 - 25 April	IMF Interim Committee and IMF/IBRD]
?late April	IEA Ad Hoc Group
5 - 17 May	Committee of the Whole, New York
[3 - 4 June	OECD Council at Ministerial level]
17 - 18 June	OECD North/South Group (Tygesen Group)
[22 - 23 June	Economic Summit, Venice]
23 June - 3 July	Committee of the Whole, New York
18 - 22 August	G77 Ministerial Meeting, New York
25 August - 5/12 September	Special Session of the United Nations General Assembly, New York
September/December	35th UN General Assembly
Late 1980/early 1981	Global Round

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