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Including amendments
as listed in NLW to HMT letter,
dated 11.5.77.

OF THE FOURTH SESSION OF THE DOWNING STREET SUMMIT CONFERENCE AT
10 DOWNING STREET ON SUNDAY 8 MAY 1977 AT 1455

LIST OF PARTICIPANTS

United Kingdom (Chairman)

Prime Minister

Chancellor of the Exchequer

Foreign and Commonwealth Secretary

Canada

The Rt. Hon. Pierre Elliott
Trudeau, PC, MP.
Prime Minister

The Hon. Donald S. Macdonald PC, MP.
Minister of Finance

The Hon. Donald C. Jamieson PC, MP.
Secretary of State for External
Affairs

France

Monsieur Valery Giscard d'Estaing
President of the French Republic

H.E. Monsieur Louis de Guiringaud
Minister of Foreign Affairs

H.E. Monsieur Robert Boulin
Minister-Delegate for Finance
and Economy

Germany

H.E. Herr Helmut Schmidt
Federal Chancellor

H.E. Herr Hans-Dietrich Genscher
Minister of Foreign Affairs

H.E. Dr. Hans Apel
Minister of Finance

Italy

H.E. On. Guilo Andreotti
Prime Minister

H.E. On. Arnaldo Forlani
Minister of Foreign Affairs

H.E. Senator Gaetano Stammati
Minister for the Treasury

Japan

H.E. Mr. Tadeo Fukuda
Prime Minister

H.E. Mr. Ichiro Hatoyama
Minister of Foreign Affairs

H.E. Mr. Hideo Bo
Minister for Finance

United States of America

Mr. Jimmy Carter
President of the United States

The Hon. Cyrus R. Vance
Secretary of State

The Hon. Michael Blumenthal
Secretary of the Treasury

EEC Commission

The Rt. Hon. Roy Jenkins

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The session opened at 1455

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The Prime Minister said that Foreign Ministers had discussed over lunch a draft of the declaration and Finance Ministers a draft of parts of a longer passage which might be attached to the declaration. He suggested that the Conference session should now consider these drafts*

During the discussion, in which several drafting points were agreed, the representatives made the following substantive points.

President Giscard suggested the deletion of the passage in square brackets after (iii) on page 10 about reviews by Ministers of progress achieved. He agreed that the points agreed at the conference should be followed up, but the impression should not be given that the conference was a permanent institution. Mr. Jenkins, supporting the deletion, said that the paragraph, as drafted, would raise problems of Community competence. The Prime Minister said that he preferred a private review later in the year by a representative nominated by the Heads of Government. At the end of the session the Prime Minister, returning to this point, said that after the IMF meeting in September there should be a quiet, unpublicised review of progress by group consisting of a single person from each country represented, not necessarily a Minister. This suggestion received general endorsement.

* A copy of the relevant drafts is annexed.

Mr. Healey

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Mr. Healey suggested that meanwhile the competent Ministers should meet at international conferences to review progress in their fields, e.g. meetings of OECD and the IMF.

/ Chancellor Schmidt

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Chancellor Schmidt proposed the deletion of the passage at (iii) on page 10. He had only learnt at the conference of the scheme referred to in the passage. His Foreign Minister and Finance Minister were not aware of it. Mr. Jenkins said that the Commission were in favour of the approach described in the passage at (iii), but he would not have chosen to single out in a special reference the problem of grain stocks. President Carter said that the USA, and presumably Canada, would be taking an initiative on grain stocks, irrespective of decisions by the conference. The US could take bilateral action because of its size, but they preferred to act internationally. Mr. Macdonald said that the whole passage at (iii) was of fundamental importance to his country. President Giscard said that he could see no reason to refer to specific cases, such as grain. The passage looked too much like special pleading. The Prime Minister then proposed that the passage at (iii) should end after the words "world food supplies". So far as the UK was concerned he hoped that the Community would consider the proposed arrangement for international co-operation on grain and he might say so at his press conference. The conference then endorsed the Prime Minister's proposal to end the passage at (iii) after the words "world food supplies".

Monsieur Boulin proposed that the following passage should be included as a new paragraph immediately before the paragraph on page 10 which began "While seeking to conclude ...":

"Taking into account the changed world situation we have decided to study appropriate measures for avoiding the difficulties of certain sectors within the framework of an organised liberalisation of trade."

/Explaining

Explaining his proposal, M. Boulin said that France wanted to avoid "obsolete protectionism". It needed, however, to be recognised that some economies could be disrupted by imports, which would lead to unemployment. The Prime Minister reminded the Conference that the proposal was for no more than a study. It might help some countries domestically. Mr. Fukuda asked the meaning of the phrase "organised liberalisation of trade". The Prime Minister said that this was presumably a reference to action within the limits of the Tokyo Round. President Carter said that he did not support M. Boulin's proposal. The Prime Minister then said that it was better to study these questions internationally rather than on a bilateral basis. There were particular problems with certain industries, such as shipbuilding, footwear and textiles. President Carter said that the passage would open up a vista of protectionism. He wonder if it would be acceptable to Japan. After some further discussion President Giscard suggested that the point of the French proposal would be met if the words:

"and that will take into account the structural changes which have taken place in the world economy"

were inserted at the end of the passage at (ii) on page 10. President Giscard's proposal was agreed by the Conference.

President Giscard then suggested that the passage in square brackets at the top of page 11 should finish after the word "trade". When considering the subject of corporate bribery, it needed to be borne in mind that Swiss bank secrecy was the basis for the system of secret payments. President Carter pointed out that work was already in hand on this matter at the United Nations. Chancellor Schmidt said that in the last five years hundreds of so-called banks had been set up all over the world, in places like Antigua. The passage should be amended to make it clear that it referred to more than ITT. He therefore wanted to suggest that the words "banking and commerce" should be added after the word "trade". The Prime Minister then proposed to the Conference that they should agree with Chancellor Schmidt's proposal. The Conference endorsed this suggestion.

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In the discussion of whether to use the acronym CMEA or COMECON in the 7th line of the first inset on page 3, Chancellor Schmidt asked his colleagues at the Conference not to refer to "Socialist countries" when talking of Eastern Bloc States. He regarded himself as a Democratic Socialist leader, as did other members of the Conference. In further discussion it was pointed out that "COMECON" would exclude China. Against this, it was argued that this would be appropriate since China was a developing country. It was then agreed that COMECON should be used.

/ In answer

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In answer to a question from the Prime Minister about the scope of the "preliminary analysis" referred to in the first line of the passage in square brackets on page 12, President Carter explained that he had in mind for the proposed two months' study "the complete thing", including the assessment of uranium reserves still to be mined, methods of mining, the transshipment and storage of waste, constraints on customer countries and methods of distribution. The purpose of the study was to identify areas of agreement and disagreement between the seven countries. Mr. Jenkins then asked whether a Community representative would be participating in the study. After the Prime Minister had said no, Mr. Jenkins said that this would cause a great split in the Community. President Giscard, supported by Chancellor Schmidt, suggested that the Community attitude should be discussed in the relevant Community bodies, and not at this meeting. The Prime Minister said that the Conference would take note of the Community's request. Any agreement to enlarge the number of participants to the preliminary study would need to be cleared with the other participants not members of the Community. Mr. Fukuda then asked President Carter to confirm that the proposed study was not based on any assumption about prohibiting supplies of nuclear fuels. Mr. Vance gave this confirmation to Mr. Fukuda, who expressed himself content.

At the end of the session Mr. Trudeau proposed a warm vote of thanks to the Chairman for his conduct of the discussions. Mr. Trudeau's proposal received warm support from the other Heads of Government. The Prime Minister then thanked the participants at the Conference for their attendance and declared the session closed at 1735.

N.L.W.

8 May 1977

Distribution: Private Secretary to:
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