



CABINET OFFICE

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From the Secretary of the Cabinet: Sir Robert Armstrong KCB CVO

Ref: A01050

NOTE

4th January 1980

The Prime Minister
 gave me his comment
 to Sir Robert Armstrong
 re discussion with him.
 (A. J. G.)

Paragraph 13 was cause of delegation
 less formal than most. Own figure for
 Ministers, Senior Ministers and
 Tokyo was 11.

There should be
 2 should be
 the norm

Summit Preparatory Meeting, Washington

The first of the preparatory meetings for the Venice Economic Summit in June was held in Washington on 20th and 21st December 1979. Our representatives were you, Ken Couzens and I. The conclusions provisionally reached at the opening session of personal representatives only, as described in the note attached to this letter, were considered and revised in the subsequent plenary session. This letter records the final conclusions of the meeting, as confirmed by a concluding session of personal representatives only, on the work to be put in hand and the arrangements for further preparatory meetings.

2. There was general agreement that the main issues at Venice would be the world economy and energy.

3. On the world economy, it was agreed to commission Charles Schultze to prepare a paper which would deal with short-term macro-economic issues - in particular, the problems of inflation and recession but with reference to other problems, especially energy - and would also follow up paragraph 5 of the Tokyo Communique on medium-term issues of productivity and investment, endeavouring to identify specific measures which might be adopted in pursuance of the objectives identified at Tokyo. For the purposes of the second part of the paper, Mr. Schultze was to be invited to send a questionnaire to the personal representatives, so that he had the necessary base of information about existing national situations and measures. We may need to nominate someone here whom Mr. Schultze can contact directly at a later stage of this work.

4. On energy, it was noted that questions of consumption and imports were to be discussed at a meeting of the IEA in March; that a report on alternative sources would be considered by IETG towards the end of March; that a report was expected shortly on INFCE; and that work was in hand in the IAEA. The meeting thought that the Summit might need to address itself to the possibilities for stimulating the production and use of coal (including the development of liquefaction and gasification of coal). It was agreed that it

/was premature

Sir Michael Palliser, GCMG

premature to commission any preparatory work for the Summit on this nexus of issues at present, but that Dr. Engelmann (FRG) should be invited to chair a working group which could meet in the second half of March to prepare a report which could be before the April Summit preparatory meeting. We shall need to nominate a representative to serve on this working group.

5. Crispin Tickell (European Commission) undertook to prepare a paper on the environmental problems of energy.

6. The meeting agreed that the Summit might want to consider the possibility of an initiative directed towards the possibility of instituting an oil producer-consumer dialogue. This issue was to be covered in a paper to be prepared by Dr. Horst Schulmann (FRG) (consulting others, and in particular the French, as appropriate) on the North-South Dialogue, which would suggest a line which might be proposed to the Summit Heads of Government, taking into account the Brandt Commission's Report, the special session of the United Nations in September on the new International Development Strategy for the 1980s, and the initiative of the G77 for a "global negotiation".

7. There was some discussion of the issues comprised under the heading "Global 2000". Signor Ruggiero (Italy) said that he would make further proposals on the preparatory work to be put in hand, in case the Summit needed to address itself to these issues.

8. The meeting thought it unlikely that trade would be a major topic for Venice 1980, though world developments now and then could change this outlook, if they generated a further lurch towards protectionism. Crispin Tickell agreed to prepare a short paper on the state of play on international trade negotiations.

9. On the international monetary system, the meeting invited Monsieur Clappier (France) to enlarge upon President Giscard d'Estaing's initiative for reform. It became clear that neither President Giscard nor Monsieur Clappier had any definite proposals or ideas to offer on this subject, at any rate at this stage; but Monsieur Clappier accepted an obligation to produce a paper at an appropriate time. On the problem of recycling oil funds, the meeting agreed to commission a report from a group of experts from each country represented, under the chairmanship of Signor Dini (Italy). We shall need to nominate a representative on this group.

10. All the papers and reports commissioned by this meeting are to be completed and circulated by 15th March 1980, except that of the Engelmann group on energy (paragraph 4 above), which is to be completed in time for the April preparatory meeting.

11. The following programme of future meetings was agreed:-

- (i) A meeting of personal representatives only for dinner at the Banque de France in Paris on the evening of the date of the March IEA meeting, generally to take stock and report progress.

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(ii) A meeting of personal representatives and two senior officials from each country in Sardinia, beginning in the afternoon (personal representatives only) of 16th April, and extending through 17th April into 18th April as necessary, to receive and consider the papers and reports commissioned and to institute preparations for a draft communique for the Summit meeting.

(iii) A meeting of personal representatives and two senior officials from each country in Paris, beginning on the evening of the second day of the OECD Ministerial Meeting at the beginning of June (possibly 4th June) with a working dinner for personal representatives only, and extending through the next into the following day as necessary. This meeting would seek to agree the draft of a communique for submission to Heads of Government.

Make it short

12. We also agreed to keep open the possibility of an additional meeting on 5th and 6th May, probably in Ottawa, in case it proved impossible to make sufficient progress at the April meeting. I hope that we shall be able to do without this additional meeting.

13. There was a strong feeling that, in order to emphasise the personal character of Summit meetings, it was essential to avoid over-large delegations. It was agreed to recommend that the total number of delegates to the Venice meeting should be limited to 15, including accompanying Ministers, senior officials and private secretaries; this number would not include Press officers and security personnel, numbers of which were to be left at the discretion of Heads of Government.

14. I am sending copies of this letter and of the annex to Jack Rampton, Ken Clucas, Ken Couzens and Clive Whitmore.

ROBERT ARMSTRONG

PREPARATION OF THE VENICE SUMMIT

Conclusions agreed upon at the first Preparatory Meeting of the Personal Representatives

-- There will be two Preparatory Meetings. The first one will be held, if possible, in Taormina on the 10, 11, and 12 April, 1980. The second one will take place in Ottawa on the 4, 5, 6, and 7 of June.

Mr. Ruggiero will ascertain if logistic arrangements are possible in Taormina for April. If it is not possible, the first meeting will take place in Ottawa and the second one in Taormina.

If necessary the possibility has been planned of a third meeting which will take place on the 5 and 6 of May. The place of this third meeting will be decided at an appropriate moment.

-- All the meetings will begin and end with the meeting of the Personal Representatives alone. In the enlarged meetings the Personal Representatives will be accompanied by two high officials. It is possible that for some specific subjects one of the high officials will be replaced by another high-ranking official.

-- The total number of official delegates which will be allowed to stay in the main building of the conference in Venice will be limited to a number of 15, including private secretaries of the heads of state or government and ministers. This number does not include press officials and security personnel.

-- While it is difficult now to foresee the scenario of the most important and urgent decisions which could be taken in Venice by the heads of state and government, it has been agreed that some preparatory work should be initiated immediately on the following subjects. Papers concerning the following subjects should be available by March 15, 1980. Each paper should be sent by the Personal Representative concerned to every other Personal Representative.

a. Macro-Economics. We will request Mr. Schultze to prepare a paper on short-term issues, on a concerted supply strategy identifying specific steps that might be taken by each individual country within a common policy framework. This paper should take into account inter-relations between macro-economic policies and other policies, notably with energy problems. Mr. Schultze could avail himself of contributions of national officials. It has been suggested that it might be useful if Mr. Schultze would send a questionnaire to every Personal Representative in order that he will receive, in due time, the necessary information from the national experts and, in the case of the concerted supply strategy, to identify the national experts who will be in charge of the suggested contribution.

b. North-South. The Personal Representatives have agreed to ask Mr. Schulmann to prepare a paper on the main aspects of the North-South dialogue, taking also into account the special session of the United Nations which will take place at the end of August for the new International Development Strategy of the 1980s and the initiative of the Group of the 77 for a Global Negotiation. This paper should contain also considerations for some specific important issues as food, energy and water.

c. Energy. Many aspects of the problem have been raised notably demand restraint, alternative sources, difficulties in supplies, acceleration of coal production, consumption and trade, INFCE conclusions, disposal of nuclear waste, problems related to the dialogue with the oil-producing countries, and environmental problems related to the use of some energy sources.

It has been agreed that preparatory work for many of these aspects should be postponed to the first preparatory meeting while waiting for the results of the IEA Ministerial Meeting in March, the report of the IETG at the end of March. On the conclusions of these two meetings a brief report outlining the main issues and questions will be prepared by Mr. Schulmann ^{and} and Mr. Johnstone, + Mr. Egelman.

As regards the dialogue with the oil-producing countries, it has been agreed that this issue will be included in the North-South strategy paper and that the French Government will provide to Mr. Schulmann its cooperation on this specific issue. As regards the environment problem arising from the use of energy sources, Mr. Tickell will prepare a short paper.

d. International Monetary System. As regards the International Monetary System, three main points have been identified:

1. The announced initiative of President Giscard d'Estaing. Mr. Clappier will produce a paper at the appropriate time.

2. The creation of a substitution account. It is necessary to wait for the results of the next meeting of the Interim Committee of the IMF which will take place on the 24th and 25th of April in Hamburg.

3. Questions related to the recycling process. It has been envisaged the possibility of creating a group composed of highly qualified experts of each participant to the Summit.

e. Trade. Mr. Tickell has been asked to produce a progress report on trade problems.