

CONFIDENTIAL

ECONOMIC SUMMIT MEETING IN TOKYO 28/29 JUNE 1979
RECORD OF THE SECOND SESSION IN THE AKASAKA PALACE ON 28 JUNE AT 1605

Vietnamese Refugees

Mr. Ohira said that during lunch the Foreign Ministers had agreed on the matter of refugees from Indochina; the proposed draft statement had been circulated. Was it acceptable?

The Prime Minister said that she was unable to agree with all of the draft and would like to propose some amendments. The UK had already taken in, during the last 15 years, about 2 million immigrants, largely from Asia: this number could well rise to 3 million by the end of the present century. There would be very serious political problems if existing quotas were to be exceeded, as they well might be given the large number of UK ships in South East Asia which were picking up Vietnamese refugees whom the UK was obliged to accept if they were taken to British ports or, frequently, to foreign ports. Despite these political problems, UK ships would continue to pick up refugees. But the present wording of the draft statement would create political difficulties for the British Government unless there was some reference to social circumstances in the receiving countries. She therefore suggested that an amendment should be made to the draft statement to the following effect: "that the Governments represented at the meeting, while taking full account of the social and economic circumstances in their own countries, would as part of an international effort, significantly increase their contributions ... etc". The Prime Minister said that the UK could admit some more refugees but not a substantial number. She nevertheless believed that the Summit meeting should give the same kind of impetus to a solution of the refugee problem as the European Council in Strasbourg had given on the issue of energy conservation. The Tokyo meeting should give new strength to the efforts of the free world to cope with the refugee problem.

President Giscard said that France would have been prepared to adopt a text which went much further in view of the very serious

CONFIDENTIAL /humanitarian

CONFIDENTIAL

humanitarian problems created by the present situation. He nevertheless had no difficulties with the UK amendment proposed by the Prime Minister although he would prefer the reference to "social and economic circumstances" to go at the end of the relevant paragraph, since to introduce it at an earlier stage suggested that it had the force of a pre-condition. However, he had no difficulty with the reference to "an international effort". The Prime Minister said that she had suggested the earlier placing of the reference to "social and economic circumstances" deliberately, since it might otherwise be assumed that the UK would automatically grant admission to a larger number of refugees. The UK would do as much as it could but the problems were formidable, not least because of the large size of the UK merchant fleet and because of the influx of refugees into Hong Kong.

President Carter said that he agreed with President Giscard that the amendment proposed by the UK reduced the force of the draft statement. The words "taking full account" tended to emphasise the escape clause. The US would like to make the statement as strong as possible rather than weaken it. The Prime Minister said she would be prepared to agree to the deletion of the word "full". She could not, however, accept any further changes in view of the large numbers of immigrants from the West Indies, South Asia and Uganda which the UK had already accepted; moreover, there were still large numbers of dependents still to come.

President Giscard said that he would like to be able to accept the UK amendment but feared that, as proposed, it would appear too restrictive. If France were to take account of her social and economic circumstances, which included 1½ million unemployed, 55,000 Vietnamese refugees already accepted and a large immigrant population, she would accept no further refugees at all. The humanitarian factor was such, however, that France believed that she should accept more refugees regardless. President Giscard said that he would nevertheless be prepared to accept the changes proposed by the UK provided that the reference to "social and economic circumstances" appeared at the end of the

CONFIDENTIAL

/paragraph

paragraph. The Prime Minister indicated that, in the interests of agreement, she would be prepared to accept this.

Mr. Ohira, having established that the changes proposed by the UK, as amended by France, were acceptable suggested that the Japanese Government should issue a special statement, on behalf of the Summit meeting, in the terms agreed and that this should be done prior to his own press conference later that evening. This was agreed.

Energy

Mr. Ohira said that the Personal Representatives had worked out an alternative draft text on oil import restraint, which had been discussed over lunch and was now being revised. He therefore proposed that this revised text should be discussed by Heads of Government at a later stage. In the meantime, other aspects of energy policy could be addressed. Chancellor Schmidt suggested that the meeting should try to settle those points under the energy heading which were not in dispute. The FRG draft which had been circulated that morning could serve as a basis for discussion. President Giscard said that the meeting should decide whether the German text was to be accepted by the meeting as a basis for further work, in which case it could be sent to the economic experts for more detailed consideration. Mr. Ohira suggested that the meeting should proceed on the basis of the German draft.

President Carter asked whether the Personal Representatives had already begun work on the German draft: or were other drafts, such as the US draft, under consideration? Chancellor Schmidt said that if there was a US draft, it should be tabled by the US delegation.

Mr. Ohira said that he had received a request from the Personal Representatives concerning Options 1 and 2 in the import restraints draft; they would like guidance from Heads of Government on which of the two Options they should use as the basis for their work. Mr. Ohira said that his own view was that Option 1 contained most of the elements which Heads of Government regarded as essential. President Giscard intervened to say that in order

to clarify matters the French delegation would be able to put forward a new proposal on oil imports, which sought to embody the proposals arrived at during lunch, and that this would soon be ready for circulation. Mr. Ohira repeated that the Personal Representatives were anxious to know whether they should base themselves on Option 1 or Option 2; he repeated that Option 1 seemed to be closer to what the meeting had in mind as a basis of consensus. Mr. Clark suggested that if France was about to circulate a draft which replaced Options 1 and 2, the meeting should wait for this.

President Carter asked whether there was a significant reason for choosing 1978, rather than 1979, as the marker for oil imports up to 1985. It would be confusing if 1978 were chosen as the EEC-base year and 1979 for the other participants. If the meeting could agree to choose either 1977 or 1979 as the base-year, this would remove the main difference between the two groups. President Giscard said that the new French text referred to 1979 since its effect, as a ceiling year, would be the same as 1978. President Carter asked whether Japan or Canada could accept 1979. Mr. Esaki and Mr. Clark confirmed that they could. Mr. Andreotti suggested that the meeting should wait for the new French text. Guidance could be given to the Personal Representatives on all other energy points without a final decision on the text concerning oil imports.

[At this point the meeting informally adjourned for a period of about 20 minutes.]

At 1710, the new French draft on oil imports was circulated. Mr. Clark proposed that the Personal Representatives should be asked to consider the possibility of allowing individual countries who agreed, as proposed in the French text, to specify their import targets, to be allowed also to include an explanatory note on the figure given; Canada, for example, was currently faced with a considerable short-fall in production.

Mr. Ohira suggested that this problem should be handed over to the Personal Representatives. He thought that the new French draft had much in common with Option 1 and suggested that the

/Personal

Personal Representatives should be asked to report on it. President Carter said that he found the new draft satisfactory. The United States would like to specify their import goal for the period up to 1985, while reserving the right to include a footnote pointing out that this goal was less than the import figure for 1977. He suggested that other countries might do the same. Mr. Ohira said that the Personal Representatives should be asked to discuss the draft and to report back; they could also consider the German proposal concerning the spot market and review the Japanese text on other energy matters.

Mr. Jenkins said that some modification would be needed to the statement in the draft that the Community would specify and monitor oil imports for Member countries since this would have to be discussed in advance with those EEC countries who were not represented at the Summit. Mr. Ohira agreed and suggested that the Personal Representatives should be instructed to discuss the point.

Chancellor Schmidt said that he was not sure that he had understood the position correctly. It seemed that the Personal Representatives were now to be instructed to discuss a text on the basis of the new French draft: but this made no sense if they had been given no instructions, since of the seven blank spaces in the French draft only one had been filled, by the United States. No other country had disclosed an import goal and the Personal Representatives would consequently be working in the dark. Moreover, the second paragraph of the French draft needed a footnote urging other countries to set similar goals for themselves. It would be necessary to ensure that the

/measures

CONFIDENTIAL

-7-

measures taken were genuinely effective, taking into account individual circumstances. A simple figure in tonnes for a ceiling on oil imports would impress nobody, least of all OPEC. Chancellor Schmidt noted President Carter's preference for 1979 as the base year but that he could also accept 1978. If 1979 were chosen, however, there would be a rush of purchases during the remainder of this year in order to put the ceiling up and to provide a favourable target for subsequent years. There was no sense in this. A reference to 1979 would amount to an invitation to rush for higher imports during the next five months. It would be better to take a typical year such as 1973 so that countries could pledge confidently to keep their oil imports below the figure for that year. Chancellor Schmidt asked what was the purpose of pressing the Summit participants into a straightjacket. Speaking as an economist, rather than as the representative of the FRG, Chancellor Schmidt said that to choose 1979 as the base year would have many drawbacks, although from the purely national point of view of the FRG it had advantages.

President Giscard said that he accepted the disadvantages described by Chancellor Schmidt of choosing a current year as the marker. He noted that the Community had agreed, in Strasbourg, to use 1978. He would be interested to hear the views of the President of the Commission on the implication of changing this. France, for her part, would be happy to accept either 1977 or 1978.

Mr. Jenkins said that the Community should be able to accept 1978, the year which it had already designated. He commented that it would be difficult to move to another basis without consultation with the Governments of the five EEC Members who were not represented in Tokyo.

President Giscard said that he thought there would be major drawbacks if the communique were to identify a different base year for different countries. He would nevertheless be prepared to accept 1978 so far as the Community was concerned, while agreeing that the US could choose another year. President Carter asked whether 1977

/would be

CONFIDENTIAL

CONFIDENTIAL

-8-

would be acceptable to Canada and Mr. Clark confirmed again that it would. Mr. Ohira thought that 1978 would be a satisfactory choice although 1977 would be more favourable to Japan.

The Prime Minister observed that the meeting was coming close to a consensus on Option 1. She was inclined to doubt whether the meeting could agree on a single base year for everybody, partly because the Community would have to consult the five countries not represented in Tokyo on any change from 1978. The Prime Minister suggested that the meeting should go back to Option 1, putting certain passages in square brackets as necessary. She was not in favour of the inclusion of footnotes in the communique; this would help nobody. The Prime Minister said that she was also a little concerned about the nature of the press briefing which would have to be given later in the evening.

Mr. Clark said that, so far as Canada was concerned, either 1977 or 1978 would be acceptable as base years. He thought that it would be helpful if everybody could agree on the same base year. He suggested that the absent EEC Members might be consulted overnight but Mr. Jenkins and Chancellor Schmidt explained that this was impracticable.

The Prime Minister said that she understood that some of the Personal Representatives would welcome guidance on the question of which draft, excluding the passage on import restraint, they were meant to be working on. Mr. Ohira said that he thought that the outcome of the discussion over lunch should be considered further by the Personal Representatives but that they had, in the meantime, sought guidance. His own view was that Option 1 commanded the most support and that the French draft was very close to it. He therefore supported Option 1, together with President Giscard's proposal. These could be pursued further in discussions overnight. In the meantime, he would have to depart for his press conference.

/The Prime Minister

CONFIDENTIAL

CONFIDENTIAL

-9-

The Prime Minister repeated her concern over what should be said to the press: would it not be best to say simply that the Summit's discussions on energy would be continued on the following day? Mr. Ohira agreed. President Giscard said that it would be useful if those Energy Ministers who were present could brief the Personal Representatives on what had been said during the morning.

The Prime Minister asked whether the position now was that Option 1 should be embodied in the German text. Mr. Ohira said that it was not. The passage on oil imports should indeed be based on Option 1. The Personal Representatives should be asked to consider this and also the German proposal on the spot market. The Prime Minister said that she understood that the German text on oil imports was now to be fitted into the Japanese text overall. There was no dissent although Count Lambsdorff commented that the German delegation had not received the Japanese text.

Mr. Ohira said that he would be discreet and cautious in briefing the press: the next session would begin at 0930 on the following day, 29 June.

The discussion ended at 1745.

CONFIDENTIAL