



United Nations 2
 Prime Minister
 A summary report on the
recent New York
meeting.

Prime Minister

UN SPECIAL SESSION: GLOBAL NEGOTIATIONS

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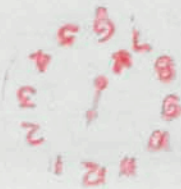
This minute reports on the outcome of the UN Special Session. No decisions are required for the time being. Paragraph 8 suggests a line which we might take in public.

2. The Session ended on 15 September in disagreement. On the main issue, procedures for the Global Negotiations on International Economic Cooperation for Development (due to be launched next January), a split developed among the industrialised countries. After more than three weeks of negotiation, the Americans, Germans and ourselves were unable to agree to a text on procedures which all other countries, including the other seven members of the Community, could accept.

3. The textual argument concealed a fundamental difference over whether the United Nations Conference established to coordinate the Global Negotiations would be able to take decisions about the structure and policies of the Specialised Agencies, including the IMF and the World Bank. As agreed at OD on 4 August, we took a firm line in defence of the Specialised Agencies.

4. An American decision, taken late in the negotiations, was the turning point. President Carter instructed his delegation to oppose any text which compromised the integrity of the Specialised Agencies. Efforts by Dr Waldheim and others to bridge the gap failed. By that time, seven members of the Community had indicated that they could accept the text and were pressing for Community agreement to it. Despite these pressures, the Germans

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and ourselves reached an agreement to support the Americans. The Session ended without a vote and discussions will resume in the margins of the General Assembly; they will also cover the agenda for the Global Negotiations, which was not discussed at the Special Session.

5. The outcome is not a total breakdown. The door has been kept open for further discussions on procedures and the agenda for the Global Negotiations; and agreement was also reached on the text of an International Development Strategy, which will be formally adopted by the General Assembly when agreement is reached on the Global Negotiations. For the time being, the press have shown little interest. But we can expect considerable domestic and international criticism in due course. Having taken a stand, we must stay with the Americans and keep the Germans with us. But there is unhappiness in the Community and our reputation in the Third World will suffer.

6. The future course of events will depend very much on the Americans. There is therefore unlikely to be much progress until the Presidential Election is over. At all times, we shall have to stay in the closest touch with them and with the Germans.

7. The details are intricate. But we should not be under any illusion about the consequences of a total breakdown. If that were to be the eventual result, there would be a distinct deterioration in political relations with the developing countries (among which the OPEC countries firmly include themselves). The prospects for discussions, formal or informal, on such problems as oil supplies and financial surpluses would be affected, since even the Saudis might feel the need to show caution. Other issues at the United Nations, such as South Africa and Namibia, could be rendered more difficult. Our Community partners would be extremely concerned and domestic criticism would be considerable. These consequences would be all the greater for us if some of the blame for breakdown were to be laid at our door. In that case,

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our political and commercial interests in the Third World would almost certainly suffer in relation to those of other developed countries.

8. It will, however, be some time before we reach a point of decision on these issues. For the time being, I suggest that our public line should be to play down the failure of the Special Session, while making it clear that an important issue of substance was at stake. At the same time, we should emphasise our readiness to continue discussions, in the hope that some quiet diplomacy will find a solution.

9. I am sending copies of this minute to colleagues in OD and to Sir Robert Armstrong.

I.H.G.

18 September 1980