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PRIME MINISTER

*Prime Minister  
For discussion at G. Monner's  
briefing meeting.*

OTTAWA COMMUNIQUE

It may be helpful for your briefing meeting on the Ottawa Summit if I record some comments on the draft communique which our representatives brought back from the recent Preparatory Group meeting.

2. As Sir Robert Armstrong has said in his report to you on the preparatory work, Heads of Government are entirely free to modify the draft communique if they wish. Having studied the section on the Economy however I feel that we would have good reason to be satisfied with it if it survived in its present form. While it would be attractive from some points of view to have a much shorter declaration, I fear that we could easily lose from a substantial shortening of the section on the Economy. For example, the French would no doubt like to remove the idea that the economic policy reaction to the second energy price increase has been better managed than the first. The references to inflation and unemployment are a carefully constructed balance which could easily be upset to our disadvantage. We have no interest in deleting phrases which German representatives saw as helpful to Chancellor Schmidt's domestic budgetary arguments. And we also want to preserve the words about interest rates, exchange rates and budgetary deficits which are aimed at the Americans, which they have so far accepted and which largely meet what the Community (and we) would like to say. Finally, I would

/not like to see

*Ans - 15/7*

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not like to see the section on the Economy made shorter than the section on relations with developing countries.

3. My other main comment is on that section (Part III). Heads of Government will be faced with a choice of formulae on the Global Negotiations. The first and more forward formula corresponds with the one included in the Presidency Conclusions of the Luxembourg European Council and we cannot take the lead in modifying it, particularly given our Presidency role. If however it becomes clear that the first formula does not command general agreement, I trust that we shall move to a position as close as possible to the American formula which on the merits I believe to be more nearly right. The whole concept of Global Negotiations institutionalises the division between North and South which I find so unattractive: and it is long odds that if these Negotiations start they will produce either bitter recrimination or objectionable concessions. I do not suggest that we campaign single-handed against them, or make ourselves a special target as opponents of them but I certainly do not think that we should fight strongly against the Americans in favour of an early start to these Negotiations.

4. I also have some doubts about further institutionalisation of the Summits on the lines envisaged at the very end of the draft communique - especially as the next one will be under French chairmanship. But perhaps we can discuss this at your briefing meeting.

5. I am copying this to the Foreign and Commonwealth Secretary, the Secretaries of State for Trade and Energy and to Sir Robert Armstrong.

(G.H.)

15 July 1981

Message from Mr Allan Gotlieb, Canadian Personal Representative,  
to other Personal Representatives

Ottawa, July 15, 1981

Dear Robert

I showed to Mr Trudeau the text of the communiqué on which we laboured last week at Montebello. He was genuinely pleased with the results but asked if it could be substantially shortened. He very much has in mind the desire expressed by all Summit participants that we should aim for a brief, clear expression of consensus.

2. I have tried my hand at a revised text and this is attached. It attempts to eliminate unnecessary verbiage, repetitious language, retrospective analysis and illustrations of points. I have however tried to keep all the substantive points of our Montebello text and to cast them in the form of a declaration.

3. The new text obviously removes many of the nuances which we so delicately negotiated and I am sure each of us will miss certain expressions we thought important. You will also notice I have done away with square brackets. This was not the result of an assumption on my part that our differences have disappeared but rather an effort to give you an opportunity to see a clear text with compromise language.

4. I put forward this text at this late stage with some trepidation, appreciating the sensitivities involved, but hope it will be useful when we meet at the Summit next week.

Yours sincerely,

ALLAN E GOTLIEB

DRAFT DECLARATION OF THE OTTAWA SUMMIT:  
(SHORT VERSION)

We, the Leaders of the major industrial democracies, meeting at a time of rapid change and intense challenge to world economic progress and peace, but impressed by the strength of our bonds on which we intend to build, make the following declaration.

1. We reaffirm our common objectives and joint determination to tackle our problems in a spirit of shared responsibility, both among ourselves and with our partners throughout the world, taking into account the effects on others of policies we pursue.

THE ECONOMY

2. The primary challenge is the revitalisation of the economies of the industrial democracies.

3. There is a prospect in the coming year for moderate growth but little early relief from unemployment and only a modest easing of inflation.

4. The fight to bring down inflation and reduce unemployment must be our highest priority and these linked problems must be tackled at the same time.

5. To meet this priority we require the balanced use of a range of policy instruments which will promote changes in our economies and expectations, and encourage support for change by our social partners.

6. We need to accept and strengthen the application of market disciplines throughout the economy.

7. We see low and stable monetary growth as essential to reducing inflation.

8. To reduce pressures on interest rates as much reliance as possible should be placed on restraint in Government expenditure and containment of budgetary deficits; it is also desirable to minimise volatility of interest rates and exchange rates.

9. In view of the large and persisting payments imbalances, it is in the interests of all that the financial soundness of the international banking system should be fully maintained; we welcome the expanded role of the IMF in financing deficits and encouraging needed adjustment.

## RELATIONS WITH DEVELOPING COUNTRIES

10. We support the stability, growth, independence and genuine non-alignment of developing countries and reaffirm our commitment to co-operate with them in a spirit of mutual interest, respect and benefit.

11. We look to developing countries to play a full part in the international system commensurate with their capabilities and responsibilities and to become more fully integrated in it.

12. We look forward to constructive and substantive discussions with them, and believe the Cancun Summit offers an early opportunity to address our common problems in a new light.

13. We are willing to participate in efforts to reach an agreed basis for the launching of global negotiations.

14. We remain ready to support the developing countries in the efforts they make to promote their own economic and social development.

15. We are committed to maintaining substantial and, in many cases, growing levels of Official Development Assistance, and will seek to increase public understanding of this policy.

16. We will allocate the major portion of our aid to poorer countries.

17. We point out that the strengthening of our own economies, increasing access to our markets, and removing impediments to capital flows contribute larger amounts of needed resources and technology and thereby complement official aid.

18. The Soviet Union and its partners, whose contributions are meagre, should make more development assistance available, and take a greater share of exports of developing countries, while respecting their independence and non-alignment.

19. We will maintain a strong commitment to the international financial institutions and work to ensure that they have, and use effectively, the financial resources for their important responsibilities.

20. We call on the surplus oil-exporting countries to broaden their valuable efforts to finance development in non-oil developing countries, especially in the field of energy; we stand ready to co-operate with them for

this purpose and to explore with them, in a spirit of partnership, possible mechanisms, such as those being examined in the world bank, which would take due account of the importance of their financial contributions.

21. We recognise the importance of accelerated food production in the developing world and of greater world food security, and the need for developing countries to pursue sound agricultural and food policies; we will examine ways to make increased resources available for these purposes.

22. We recognise the need for many developing countries to deal with problems of excessive population growth and to develop human resources; we will place greater emphasis on international efforts in these areas.

#### TRADE

23. We reaffirm our strong commitment to maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the GATT.

24. We will work together to strengthen this system in the interest of all trading countries and to seek positive structural adjustment to the changing world economic environment.

25. We will implement the agreements reached in the multilateral trade negotiations and invite other countries, particularly developing countries, to join in these mutually beneficial trading arrangements.

26. We will continue to resist protectionist pressures, since we recognise any protectionist measure not only undermines the viability and dynamism of our economies but also aggravates inflation and, over time, unemployment.

27. We welcome the proposal by the consultative group of eighteen that the GATT contracting parties should convene a meeting at Ministerial level during 1982.

28. We will work together with the other OECD countries in their programme of study to examine trade issues.

29. We will keep under review the role played by our countries in the smooth functioning of the multilateral trading system and in ensuring maximum openness of markets.

30. We endorse efforts to conclude by the end of this year an agreement to reduce the subsidy effects of official export credit schemes.

#### ENERGY

31. We are confident that, with perseverance, the energy goals we set at Venice for the decade can be achieved, enabling us to break the link between economic growth and oil consumption through structural change in our energy economies.

32. Recognising our countries are still vulnerable and energy supply remains a potential constraint to economic growth, we will accelerate the development and use of all our energy sources, both conventional and new, and continue to promote energy efficiency and the replacement of oil by other fuels.

33. To these ends we will continue to rely heavily on market mechanisms, supplemented as necessary, by Government action.

34. We appreciate our capacity to deal with short-term oil market problems should be improved, particularly through the holding of adequate levels of stocks.

35. We intend to encourage greater public acceptance of nuclear energy, being convinced that public concerns can and will be met.

36. We will take steps to realise the potential for the economic production, trade and use of coal and will do everything in our power to ensure that its increased use does not damage the environment.

#### EAST-WEST ECONOMIC RELATIONS

37. We recognise that there is a complex balance of political and economic interests in our East-West relations and conclude that continuing consultations and, where appropriate, co-ordination are necessary to ensure that our economic policies continue to be compatible with our political and security objectives.

#### CONCLUSIONS

38. Our conviction has been heightened that the resources of our democratic, free societies are equal to the important tasks we face and that our common problems can be resolved only through close consultation and co-operation.

39. In order to ensure the greatest possible degree of concertation of our approaches, we intend between now and our next meeting to maintain continuing contact with each other with a view to agreeing how our consultation and co-operation can be even closer.