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Changes from 6/30 version faxed to Sherpas are marked in double underlining, except for nonsubstantitive changes (spelling, punctuation, replacement of "Heads" with "we," etc.)

This copy uses numberings that correspond to copy faxed to Sherpas. To prevent confusion, we will keep this numbering until after the Sherpa meeting July 8.

HOUSTON ECONOMIC SUMMIT

1. We, the Heads of State and Government of the seven major industrial democracies and the President of the Commission of the European Communities, meeting in Houston for our annual Economic Summit, celebrate the renaissance of democracy throughout much of the world. We welcome unreservedly the spread of multiparty democracy, the practice of free elections, the freedom of expression and assembly, the increased respect for human rights, the rule of law, and the increasing recognition of the principles of the open and competitive economy. These events proclaim loudly man's inalienable rights: When people are free to choose, they choose freedom.

2. The profound changes taking place in Europe, and progress toward democracy elsewhere, give us great hope for a world in which individuals have increasing opportunities to achieve their economic and political aspirations, free of tyranny and oppression.

3. We are mindful that freedom and economic prosperity are closely linked and mutually reinforcing. Sustainable economic prosperity depends upon the stimulus of competition and the encouragement of enterprise -- on incentives for individual initiative and innovation, on a skilled and motivated labor force whose fundamental rights are protected, on sound monetary systems, on an open system of international trade and payments, and on an environment safeguarded for future generations.

4. Around the world, we are determined to assist other peoples to achieve and sustain economic prosperity and political freedom. We will support their efforts with our experience, resources, and goodwill.

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THE INTERNATIONAL ECONOMIC SITUATION

5. In recent years, substantial progress has been achieved in promoting a stronger world economy through sound macroeconomic policies and greater economic efficiency. The economic expansion in our countries, now in its eighth year, has supported notable income growth and job creation in the context of rapid growth of international trade. However, unemployment remains high in a number of countries. Inflation, although considerably lower than in the early 1980's, is a matter of serious concern in some countries and requires continued vigilance. External imbalances have been reduced in the United States and Japan, whereas in other cases they have increased. Continuing adjustment remains a priority in order to counter protectionist pressures, alleviate uncertainties in financial and exchange markets, and contribute to avoiding pressures on interest rates. Sound domestic macroeconomic policies, which may differ according to conditions in each country, will make a major contribution to further external adjustment. (S)

6. In the developing world, the experience of the late 1980s varied widely. Some economies, particularly in East Asia, continued to experience impressive domestic growth rates. The economies of a number of other developing countries have been stagnant or declined. Nonetheless, serious efforts -- in some cases by new leadership -- to implement economic adjustment and market-oriented policies have begun to yield positive results and should be continued.

INTERNATIONAL MONETARY DEVELOPMENTS AND POLICY COORDINATION

7. At a time of growing economic interdependence, the Summit countries have developed a cooperative process based on a common appreciation of the need for market-oriented policies and the importance of sound domestic budgetary and monetary policies. This process has contributed importantly to the strengthened performance of the world economy and to improved stability of exchange rates by concentrating attention on multilateral surveillance and close coordination of economic policies, including cooperation on exchange markets. It is important to continue and, where appropriate, to strengthen this cooperative and flexible approach to improve the functioning of the international monetary system and contribute to its stability. (C)

8. To sustain the present economic expansion to the benefit of all countries, each nation must pursue sound policies. Balanced expansion of demand with increasing productive capacity is key, while external imbalances and structural rigidities require correction. Price pressures warrant continued vigilance.

9. Countries with sizable current account deficits should contribute to the adjustment process by the reduction of fiscal deficits, and undertake structural reforms to encourage private saving and increase competitiveness.

10. The countries with large external surpluses should contribute to the adjustment process by sustained non-inflationary growth of domestic demand with structural reform in order to improve the underlying conditions for growth and adjustment and to promote increased investment relative to saving.

11. The investment needs of the world as a whole are expected to grow in the coming years, particularly in Central and Eastern Europe and in developing countries undertaking market reforms, as well as in some industrial countries. To meet these needs, industrial and developing countries alike should foster saving and discourage dissaving.

12. The market-oriented restructuring of Central and Eastern European economies should stimulate their growth and increase their integration into the global economy. We support these changes and seek to assure that this difficult transformation will contribute to global growth and stability.

13. Within the European Community, the European Monetary System is leading to a high degree of economic convergence and stability. We welcome the European Community's decision to launch the Intergovernmental Conference on Economic and Monetary Union and the beginning of the first stage of that union. During this first stage, closer surveillance and coordination of economic and monetary policies will contribute toward non-inflationary growth and a more robust international economic system.

14. We welcome the prospect of a unified, democratic Germany which enjoys full sovereignty without discriminatory constraints. German economic, monetary, and social union will contribute to improved non-inflationary global growth and to a reduction of external imbalances. This process will promote positive economic developments in Central and Eastern Europe.

15. We call on the member countries of the International Monetary Fund (IMF) to implement the agreement by the IMF to increase quotas by 50 percent under the Ninth General Review of Quotas and to strengthen the IMF arrears strategy.

Measures Aimed at Economic Efficiency

16. Considerable progress has been made over the past few years in supplementing macroeconomic policies with reforms to increase economic efficiency. We welcome the progress in the realization of the internal market in the European Community and the continuing efforts to reduce structural rigidities in North America and Japan. Nonetheless, we emphasize the widespread need for further steps to promote regulatory reform and liberalize areas such as retail trade, telecommunications,

transport, labor markets, and financial markets, as well as to reduce industrial and agricultural subsidies, improve tax systems, and improve labor-force skills through education and training.

17. We welcome the major contributions of the Organization for Economic Cooperation and Development (OECD) in identifying structural policy challenges and options. We encourage the OECD to strengthen its surveillance and review procedures, and to find ways of making its work operationally more effective.

THE INTERNATIONAL TRADING SYSTEM

18. The open world trading system is vital to economic prosperity. A strengthened General Agreement on Tariffs and Trade (GATT) is essential to provide a stable framework for the expansion of trade and the fuller integration of Central and Eastern Europe and developing countries into the global economy. We reject protectionism in all its forms. (A)

19. The successful outcome of the Uruguay Round has the highest priority on the international economic agenda. Consequently, we stress our determination to take the difficult political decisions necessary to achieve far-reaching, substantial results in all areas of the Uruguay Round by the end of this year. We instruct our negotiators to make progress and in particular to agree on the complete profile of the final package by the July meeting of the Trade Negotiations Committee. (B)

20. We confirm our strong support for the essential broad objectives of the negotiations: reform of agricultural policies; a substantial and balanced package of measures to improve market access; strengthened multilateral rules and disciplines; the incorporation of new issues of services, trade-related investment measures, and intellectual property protection within the GATT framework; and integration of developing countries into the international trading system.

21. As regards agriculture, achieving the long-term objective of the reform of agricultural policies is critical to permit the greater liberalization of trade in agricultural products. Experience has shown the high cost of agricultural policies which tend to create surpluses. The outcome of the GATT negotiations on agriculture should lead to a better balance between supply and demand and ensure that agricultural policies do not impede the effective functioning of international markets. We therefore reaffirm our commitment to the long-term objective of the reform, i.e., to allow market signals to influence agriculture production and to establish a fair and market-oriented agricultural trading system. (C)

22. [Agricultural reform requires that we each make substantial progressive reductions in our agricultural support programs through specific commitments in each area of the negotiations: export subsidies, internal support, and barriers to market access.] [Support for agriculture, measured by a common instrument, should be reduced in order to achieve the above objectives in a balanced way between all countries.] The negotiations should also lead to new rules for sanitary and phytosanitary measures.

23. [The instruments of agricultural policy vary between countries because of the differences in the social and economic conditions of farming, including the need to take into account non-trade concerns such as food security. The commitments, based on the common objectives, should be implemented by taking account of this diversity.]

24. Agreement on these key issues among negotiating parties would facilitate the adoption of an appropriate framework at the July meeting of the Trade Negotiating Committee and subsequently open the way for negotiations on how far and under what time table the objectives above are to be achieved.

25. Negotiations on market access should achieve agreement on a substantial and balanced package of measures. As regards textiles, the objective is to liberalize the textile and clothing sector through progressive dismantling of trade barriers and its integration, under a precise timetable, into GATT on the basis of strengthened GATT rules and disciplines. [Equally important in securing a successful overall result of the Uruguay Round in the context of market access negotiations is the textiles sector. Since this is of major concern to developing countries, a clear liberalization of restrictions, together with reduced tariff protection on textiles and clothing, will be necessary if developing countries are to subscribe to the package. We support the progressive dismantling of trade barriers and the reintegration of the textile sector into GATT, under a precise timetable, and on the basis of strengthened rules and disciplines.]

26. Negotiations on multilateral rules and disciplines should strengthen GATT rules in areas such as safeguards, balance of payments, rules of origin, and updated disciplines for dumping and antidumping measures. Concerning subsidies, rules are needed which will effectively discipline domestic subsidies so as to avoid trade distortions, competitive subsidization, and trade conflicts. Improved disciplines must also cover countervailing measures so that they do not become barriers to trade.

27. As regards the new areas, the aim is to develop new rules and procedures within the GATT framework, including: a framework of contractually enforceable rules to liberalize services trade, with no sector excluded a priori; an agreement

to reduce trade distorting effects of trade-related investment measures; and an agreement to provide for standards and effective enforcement of all intellectual property rights.

28. A successful Uruguay Round is essential for industrialized and developing countries alike. We seek the widest possible participation of developing countries in the Round and their further integration into the multilateral trading system. To achieve this objective, developed countries are prepared to accept greater multilateral disciplines in all areas and to offer improved market access in areas of interest to developing countries such as textiles and clothing, tropical products, and agriculture.

29. For their part, developing countries should substantially reduce their tariffs and increase the percentage of tariffs that are bound; subscribe to balanced and effective restraints on all forms of exceptions, including measures imposed for balance-of-payments difficulties; and participate meaningfully in agreements covering the new areas. The end result should be a single set of multilateral rules applicable to all GATT contracting parties, although some developing countries, especially the least developed, may need longer transition periods or other transitional arrangements on a case by case basis.

30. The wide range of substantive results which we seek in all these areas will call for a commitment to strengthen further the institutional framework of the multilateral trading system. In that context, the concept of an international trade organization should be addressed at the conclusion of the Uruguay Round. We also need to improve the dispute settlement process in order to implement the results of the negotiations effectively. [This should obviate the need to take unilateral actions outside the agreed multilateral rules.] [This should lead to a commitment to abandon recourse to unilateral measures other than authorized under GATT provisions.] [This should lead to a commitment to operate only under the multilateral rules.]

DIRECT INVESTMENT

31. Free flows of investment increase global prosperity by complementing the open international trade system. In particular, foreign direct investment can help restructure the economies of developing and Central and Eastern European countries, create new jobs, and raise living standards.

32. All countries should therefore seek to reduce their barriers to investment and resist protectionist pressures to discourage or discriminate against such investment. The OECD and the GATT should continue to promote investment liberalization. The multilateral development banks and the IMF should require investment liberalization in their programs in Central and Eastern Europe and developing countries.

EXPORT CREDITS

33. We welcome the important negotiations that are underway in the OECD on a balanced package of measures to strengthen multilateral disciplines on trade- and aid-distorting export credit subsidies. This package, to be completed by spring of 1991, should reduce substantially, through improved discipline and transparency, distortions resulting from the use of officially supported commercial and aid credits. It is also important to avoid introducing trade distortions in financial flows to the nations of Central and Eastern Europe.

REFORM IN CENTRAL AND EASTERN EUROPE

34. We welcome the political and economic reforms taking place in Central and Eastern Europe. At the recent Conference on Security and Cooperation in Europe (CSCE) in Bonn and by the agreement to establish the European Bank for Reconstruction and Development (EBRD), the participating countries of the region accepted the key principles underpinning market economies. However, the degree of implementation of economic and political reform varies widely by country. Several countries have taken courageous and difficult measures to stabilize their economies and shorten the transition to a market economy.

35. We and other countries should assist Central and Eastern European nations that are firmly committed to economic and political reform. Those providing help should favor countries that implement such reforms.

36. Foreign private investment will be vital in the development of Central and Eastern Europe. Capital will flow to countries with open markets and hospitable investment climates. Improved access for their exports will also be important for those Central and Eastern European countries that are opening up their economies. Western Governments can support this process by various means, including trade and investment agreements. The recent decision by the Coordinating Committee for Multilateral Export Controls (COCOM) to liberalize export controls is a positive step.

37. We commend the work done by the Commission of the European Communities on the coordination by the Group of 24 (G-24) of assistance to Poland and Hungary inaugurated at the Summit of the Arch, which has made a significant contribution to helping these countries lay the foundation for self-sustaining growth based on market principles. We welcome the decision of the G-24 to enlarge the coordination of assistance to other emerging democracies in Central and Eastern Europe, including Yugoslavia.

38. We recognize that these countries face major problems in cleaning their environment. It will be important to assist the countries of Central and Eastern Europe to develop the

necessary policies and infrastructure to confront those environmental problems.

39. We also welcome the recent initiatives in regional cooperation, e.g., in transport and the environment, that will make a positive contribution to economic progress and stability in the region.

40. We expect the new EBRD to play a key role in fostering investment in those countries and to contribute to orderly transitions toward market economies and a sound basis for democracy. We urge the rapid entry into force of the Bank.

41. The Center for Cooperation with European Economies in Transition at the OECD will encourage reforms and strengthen relations between these countries and the OECD, as will the OECD's follow up work from the CSCE Economic Conference in Bonn.

42. We invite the OECD to consider a closer relationship with those Central and East European countries that are committed to political and economic reform.

THE SOVIET UNION

[TO BE ADDED]

THE DEVELOPING NATIONS

45. We reiterate that our commitment to the developing world will not be weakened by the support for reforming countries in Central and Eastern Europe. The poorest of the developing nations must remain the focus of special attention. The International Development Association replenishment of SDR 11.6 billion, agreed to last December, will provide needed resources for these countries, and marks the incorporation of environmental concerns into development lending. It is our intention to take a constructive part in the Paris Conference on the least developed countries in September.

46. The advanced industrial economies can make a number of major contributions to the long-run development of the developing countries. By sustaining economic growth and price stability, we can offer stable, growing markets and sources of capital for the developing world. [By encouraging the proper functioning of commodity agreements and the Common Fund we can contribute to alleviating price fluctuations of raw materials.] By providing financial and technical support to developing countries undertaking genuine political and economic reform, we can reinforce their ongoing liberalization. [The developed nations should make efforts to increase their development aid to reach the target of 0.70% of GNP, while reinforcing the efficiency of this aid.]

47. In the developing world, there is a growing acceptance of the view that growth can be encouraged by a stable macroeconomic framework, sectoral reform to provide more competition, and an opening of markets. Open, democratic, and accountable political systems are important ingredients in the effective and equitable operation of market-oriented economies.

48. Important contributions to a hospitable investment climate can be made by the protection of intellectual property, and by liberalization of investment regimes, including transparent and equitable investment rules, and equality of treatment for foreign and domestic investors.

48a. The recent Enterprise for the Americas initiative announced by the U.S. President will support and encourage more market-oriented policies in Latin America and the Caribbean. We believe that such U.S. efforts hold great promise for the region and will help improve prospects for sustained growth in the Americas through the encouragement of trade, open investment regimes, the reduction of U.S. bilateral concessional debt and the use of debt for equity and nature swaps.

49. In a number of countries, a slower growth of population is a condition for sustainable development. Supporting the efforts of developing countries to implement effective population programs is a priority. Improved educational opportunities for women and their greater integration into the economy can make important contributions to population stabilization programs.

50. [In the Mediterranean basin, economic growth is difficult because of [political] tensions and the rapid increase in population relative to resources. The initiatives of regional integration, which are underway, deserve encouragement and support.]

THIRD WORLD DEBT

51. Significant progress has been made during the past year under the strengthened debt strategy, which has renewed the resolve in a number of debtor countries to continue economic reforms essential to future growth. In particular, the recent commercial bank agreements with Chile, Costa Rica, Mexico, Morocco, the Philippines, and Venezuela involve significant debt and debt service reduction. Important financial support for debt and debt service reduction is being provided by the IMF and the World Bank, as well as by Japan. The Paris Club has agreed, in order to support medium term IMF-supported

reform and financing programs, to provide adequate restructuring agreements, notably through multiyear reschedulings and through lengthening of the repayment period. The combination of debtor reform efforts and commercial bank debt reduction has had a notable impact on confidence in debtor economies, as clearly demonstrated through flows of both new investment and the return of flight capital to Mexico, in particular.

52. These measures represent major innovations in the case by case debt strategy and are potentially available to all debtor nations with serious debt servicing problems which are implementing economic adjustment policies.

53. The adoption by debtor nations of strong economic reform programs with the IMF and World Bank remains at the heart of the debt strategy, and a prerequisite for debt and debt service reduction within commercial bank financing packages. It is vital that debtor countries adopt measures to mobilize savings and to encourage new investment flows and the repatriation of flight capital to help sustain their recovery. In this connection, the recent U.S. Enterprise for the Americas initiative to support investment reform and the environment in Latin America needs to be given careful consideration by Finance Ministers.

54. For countries implementing courageous reforms, commercial banks should take realistic and constructive approaches in their negotiations to conclude promptly agreements on financial packages including debt reduction, debt service reduction and new money.

55. Creditor nations will continue to play an important role in this process through ongoing contributions to the international financial institutions, rescheduling of official debt in the Paris Club, and new finance. In the case of the lower middle-income countries implementing strong reform programs, we encourage the Paris Club to lengthen the repayment period, taking account of the special situations of these countries. We also encourage the Paris Club to continue reviewing additional options to address debt burdens. We welcome the decisions taken by France with respect to Sub-Saharan Africa and by Canada with respect to the Caribbean to alleviate the debt burden of the lower middle-income countries.

56. Creditor governments have also provided special support for the poorest countries through the implementation of Toronto terms in Paris Club reschedulings. All of us have cancelled official development assistance (ODA) debt for the poorest countries. We encourage the Paris Club to review the implementation of the existing options that apply to the poorest countries.

56a. We note and will study with interest the Crazi Report on debt commissioned by the UN Secretary General.

THE ENVIRONMENT

57. One of our most important responsibilities is to pass on to future generations an environment whose health, beauty, and economic potential are not threatened. Environmental challenges such as climate change, ozone depletion, deforestation, marine pollution, and loss of biological diversity require closer and more effective international cooperation and concrete action. We as industrialized countries have an obligation to be leaders in meeting these challenges. We agree that, in the face of threats of irreversible environmental damage, lack of full scientific certainty is no excuse to postpone actions which are justified in their own right. We recognize that strong, growing, market-oriented economies provide the best means for successful environmental protection.

58. Climate change is of key importance. We are committed to undertake common efforts to limit emissions of carbon dioxide and other greenhouses gases. We strongly support the work of the Intergovernmental Panel on Climate Control (IPCC) and look forward to the release of its full report in August. The Second World Climate Conference provides the opportunity for all countries to consider the question of targets and strategies for limiting or stabilizing greenhouse gas emissions, and for discussing an effective international response. We reiterate our support for the negotiation of a framework convention on climate change, under the auspices of the United Nations Environment Program (UNEP) and the World Meteorological Organization (WMO). The convention should be completed by 1992, [with work on possible early protocols being undertaken as expeditiously as possible] [with work on early protocols being undertaken simultaneously.] [Any implementing protocols should be developed subsequent to the completion of the framework convention and should treat all sources and sinks comprehensively.]

agreement among the parties to

59. We welcome the amendment of the Montreal Protocol to phase out the use of chlorofluorocarbons (CFCs) by the year 2000 and to extend coverage of the Protocol to other ozone depleting substances. The establishment of a financial mechanism to assist developing countries to tackle ozone depletion marks a new phase in cooperation between the developed and developing worlds. We applaud the announcement in London by some major developing countries, including India and China, that they intend to review their position on adherence to the Montreal Protocol and its amendments. We would welcome their adherence as a crucial reinforcement of the effectiveness of the Protocol.

60. We acknowledge that enhanced levels of cooperation will be necessary with regard to the science and impacts of climate change and economic implications of possible response strategies. We recognize the importance of working together to

develop new technologies and methods over the coming decades to complement energy conservation and other measures to reduce carbon dioxide and other greenhouse emissions. We support accelerated scientific and economic research and analysis on the [causes and] potential impact of climate change, and on potential responses of developed and developing countries.

61. We are determined to take action to increase forests, while protecting existing ones and recognizing the sovereign rights of all countries to make use of their natural resources. The destruction of tropical forests has reached alarming proportions. [We support the approach taken under the IPCC of giving legal substance to the protection of forests in the form of an implementing protocol to be concluded at the same time as the framework climate convention in 1992. The protocol on forest protection should attach special significance to the conservation of tropical forests.] The Tropical Forestry Action Plan must be reformed and strengthened, placing more emphasis on forest conservation and protection of biological diversity. The International Tropical Timber Organization action plan must be enhanced to emphasize sustainable forest management and improve market operations. We urge all countries to join us in these efforts.

62. The destruction of ecologically sensitive areas around the world continues at an alarming pace. Loss of temperate and tropical forests, developmental pressures on estuaries, wetlands and coral reefs, and destruction of biological diversity are symptomatic. To reverse this trend, we will expand cooperation to combat desertification; expand projects to conserve biological diversity; protect the Antarctic; and assist developing countries in their environmental efforts. We will work within UNEP and other fora to achieve these objectives [and support UNEP's work in developing a convention to protect biodiversity.]

63. Efforts to protect the environment do not stop at the water's edge. Serious problems are caused by marine pollution, both in the oceans and in coastal areas. A comprehensive strategy should be developed to address land-based sources of pollution; we are committed to helping in this regard. We will continue our efforts to avoid oil spills, urge the early entry into force of the existing International Maritime Organization (IMO) Convention, and welcome the work of that organization in developing an international oil spills convention. We are concerned about the impact of environmental degradation and unregulated fishing practices on living marine resources. We support cooperation in the conservation of living marine resources and recognize the importance of regional fisheries organizations in this respect. We call on all concerned countries to respect the conservation regimes.

64. To cope with energy-related environmental damage, priority must be given to improvements in energy efficiency and to the development of alternative energy sources. Nuclear energy will

continue to be an important contributor to our energy supply and can play a significant role in reducing the growth of greenhouse gas emissions. Countries should continue efforts to ensure highest worldwide performance standards for nuclear and other energy in order to protect health and the environment, and ensure the highest safety.

65. Cooperation between developed and developing countries is essential to the resolution of global environmental problems. In this regard, the 1992 UN Conference on Environment and Development will be an important opportunity to develop widespread agreement on common action and coordinated plans. We note with interest the conclusions of the Siena Forum on International Law of the Environment and suggest that these should be considered by the 1992 UN Conference on Environment and Development.

66. We recognize that developing countries will benefit from increased financial and technological assistance to help them resolve environmental problems, which are aggravated by poverty and underdevelopment. Multilateral development bank programs should be strengthened to provide greater protection for the environment, including environmental impact assessments and action plans, and to promote energy efficiency. We recognize that debt-for-nature swaps can play a useful role in protecting the environment. We will examine how the World Bank can provide a coordinating role for measures to promote environmental protection [through, for example, a proposed Global Environmental Facility.]

67. In order to integrate successfully environmental and economic goals, decisionmakers in government and industry require the necessary tools. Expanded cooperative scientific and economic research and analysis on the environment is needed. [We recognize the importance of coordinating and the sharing the collection of satellite data on earth and its atmosphere. We welcome and encourage the ongoing discussions for the establishment of an International Network.] It is also important to involve the private sector, which has a key role in developing solutions to environmental problems. We encourage the OECD to accelerate its very useful work on environment and the economy. Of particular importance are the early development of environmental indicators and the design of market-oriented approaches that can be used to achieve environmental objectives. We also welcome Canada's offer to host in 1991 an international conference on environmental information in the 21st Century. [We support voluntary environmental labelling as a useful market mechanism which satisfies consumer demand and producer requirements and promotes market innovation.]

68. We note with satisfaction the successful launching of the Human Frontier Science Program and express our hope that it will make positive contributions to the advancement of basic research in life science for the benefit of all mankind.

NARCOTICS

69. We urge all nations to accede to and complete ratification of the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention), and to apply provisionally terms of the Convention.

70. We welcome the conclusion of the UN Special Session on Drugs and urge the implementation of the measures contained in the Program of Action it has adopted.

71. We support the declaration adopted at the ministerial meeting on drugs convened by the United Kingdom that drug demand reduction should be accorded the same importance in policy and action as the reduction of illicit supply. Developed countries should adopt stronger prevention efforts and assist demand reduction initiatives in other countries.

72. We endorse the report of the Financial Action Task Force (FATF) and commit our countries to a full implementation of all its recommendations without delay. As agreed at the May meeting of Task Force Finance Ministers, the FATF should be reconvened for a second year, chaired by France, to assess and facilitate the implementation of these recommendations, and to complement them where appropriate. All OECD and financial center countries that subscribe to the recommendations of the Task Force should be invited to participate in this exercise. The report of the new FATF would be completed before we next meet. We also invite all other countries to participate in the fight against money laundering and to implement the recommendations of the FATF.

73. Effective procedures should be adopted to ensure that precursor and essential chemicals are not diverted to manufacture illicit drugs. A task force similar to the FATF should be created for this purpose, composed of Summit participants and other countries that trade in these chemicals, with the involvement of representatives of the chemical industry. The task force should address the problems which concern cocaine, heroin and synthetic drugs and report within a year.

74. We support a strategy for attacking the cocaine trade as outlined in particular in the Cartagena Declaration. We recognize the importance of supporting all countries strongly engaged in the fight against drug trafficking, especially Colombia, Peru, and Bolivia, with economic, law enforcement, and other assistance and advice, recognizing the need to make contributions within the framework of actions against drug trafficking carried out by the producer countries.

75. The heroin problem is still the most serious threat in many countries, both developed and developing. All countries should take vigorous measures to combat the scourge of heroin.

76. We should support an informal narcotics consultative arrangement with developed countries active in international narcotics control. Such a group could strengthen efforts to reduce supply and demand, and improve international cooperation.

77. We welcome the current review of UN drug abuse control agencies and urge that it result in a more efficient structure.

NEXT ECONOMIC SUMMIT

78. We have accepted the invitation of Prime Minister Thatcher to meet next year in London.