

STATEMENT ON TRANSNATIONAL ISSUES

Terrorism

We, the Heads of State or Government, reaffirm our condemnation of terrorism in all its forms, our commitment to make no concessions to terrorists or their sponsors, and our resolve to continue to cooperate in efforts to combat terrorism. We demand that those governments which provide support to terrorists end such support immediately. We are determined not to allow terrorists to remain unpunished, but to see them brought to justice in accordance with international law and national legislation.

We welcome the recent release of several hostages, but remain deeply concerned that hostages are still being held, some for more than five years. Their ordeal and that of their families must end. We call for the immediate, unconditional and safe release of all hostages and for an accounting of all persons taken hostage who may have died while being held. We call on those with influence over hostage-takers to use their influence to this end.

We note with deep concern the continuing threat presented to civil aviation by terrorist groups, as demonstrated by such outrages as the sabotage of civil aircraft over Lockerbie, Scotland on December 21, 1988, above Niger on September 19, 1989, and over Colombia on November 27, 1989. We reiterate our determination to fight terrorist assaults against civil aviation.

Accordingly, we will continue our cooperation to negotiate a convention requiring the introduction of additives into plastic explosives to aid in their detection. We pledge to work to strengthen international civil aviation security standards. Consistent with this objective, we note the importance of making available training and technical assistance to other nations. We support initiatives undertaken through the International Civil Aviation Organization (ICAO) regarding this issue. We will work together with ICAO to expand such assistance.

Non-Proliferation

We discussed the threat to international security posed by the proliferation of nuclear, chemical and biological weapons, and of ballistic missile weapons delivery systems.

With regard to nuclear proliferation, we take special note of the recent declaration issued by the European Council in Dublin on that subject. That document underscored the great importance attached to the maintenance of an effective international nuclear non-proliferation regime and the need to make every effort to contribute to strengthening non-proliferation and encouraging the participation of further countries in the regime. The Treaty on Non-Proliferation of Nuclear Weapons (NPT) is an important element of that regime. We further endorse the EC's call for all states to apply IAEA safeguards on as universal a basis as possible.

We also urge all nuclear suppliers to adopt nuclear export control measures equivalent to the Nuclear Suppliers Group Guidelines.

Whether NPT parties or not, we commit ourselves to working actively to secure a satisfactory outcome to nuclear non-proliferation discussions in the forthcoming months, including those at the Fourth Review Conference of the NPT.

We hope that these discussions will contribute to the achievement of as broad a consensus as possible in favor of an equitable and stable non-proliferation regime. Such a regime should be based on an indispensable balance between the non-proliferation of arms and the development of peaceful and safe uses of nuclear energy.

The global community has focussed for decades on nuclear proliferation, especially when combined with advanced missile delivery systems. Today we also face new and growing problems from the proliferation of chemical and biological weapons.

With regard to chemical and biological proliferation, we commit ourselves to pursue efforts to prevent the diversion of chemical precursors at a national level, as well as in the relevant Western fora. We similarly commit ourselves to be vigilant about the danger of potential diversions in the field of biological technologies.

We endorse a complete ban on chemical weapons, through an effective and verifiable treaty, as the only long-term guarantee against the proliferation of chemical weapons. We believe an important step toward achieving such a treaty was made in the recent U.S.-Soviet agreement on destruction and non-production of chemical weapons and the recent declaration of intent by NATO states to become original signatories to the Chemical Weapons Convention. We reiterate our determination, first expressed at the 1989 Paris Conference on Chemical Weapons, to redouble the effort at the Conference on Disarmament in Geneva to resolve the remaining issues and to conclude the Convention at the earliest date. We also urge all states to become parties as soon as it is concluded. Similarly, as the 1991 Review Conference on the Biological Weapons Convention approaches, we call on all nations that have not become party to the Convention to do so and to participate in confidence-building measures designed to strengthen its effectiveness.

We wish to highlight the importance of dealing with the related threat of ballistic missiles capable of delivering nuclear, chemical and biological weapons. We note especially the contribution of the Missile Technology Control Regime (MTCR) to our joint efforts to control missile proliferation. We applaud the recent decisions of additional nations to adhere to the MTCR, and we call upon all nations to observe the MTCR Guidelines.

POLITICAL DECLARATION

SECURING DEMOCRACY

1. We, the Leaders of our seven countries and the Representatives of the European Community, salute the men and women around the world whose courage and wisdom have inspired and brought about the historic advances of democracy we have witnessed over the past year. As we enter the final decade of this century, which we intend should be a Decade of Democracy, we reiterate our commitment to support the strengthening of democracy, human rights, and economic reconstruction and development through market-oriented economies. We emphasize the important opportunity provided in this forum for representatives from Europe, Japan, and North America to discuss critical challenges of the coming years.

2. Europe is at the dawn of a new era. We welcome enthusiastically the profound and historic changes sweeping the continent. The London Declaration on a Transformed North Atlantic Alliance provides a new basis for cooperation among former adversaries in building a stable, secure, and peaceful Europe. We are determined to seize all opportunities to achieve a Europe whole and free and recognize the European Community's contribution to that effort. We applaud the unification of Germany, which is a tangible expression of mankind's inalienable right to self-determination and a major contribution to stability in Europe.

We welcome the replacement of repressive regimes in Central and Eastern Europe by governments freely chosen by their peoples. We applaud the introduction of the rule of law and the freedoms that are

the bedrock of a democratic state. We urge Romania, following recent events, to adhere to the positive trend taking place in other countries of Central and Eastern Europe.

3. We welcome the intention of the Soviet Union to move toward a democratic political system, as well as Soviet attempts to reform their economy along market principles. We commit ourselves to working with the Soviet Union to assist its efforts to create an open society, a pluralistic democracy, and a market-oriented economy. Such changes will enable the Soviet Union to fulfill its responsibilities in the community of nations founded on these principles. We are heartened by indications that a constructive dialogue is underway between the Soviet government and the Baltic states, and we urge all sides to continue this dialogue in a democratic spirit.

4. The advance of democracy accompanied by market-oriented economic reforms is not just a European phenomenon. Since we last met, we have witnessed the spread of democratic values in many parts of the world.

In Asia, there are encouraging signs of new political openness in Mongolia and Nepal. In the Philippines, the government continues to engage in courageous efforts to consolidate democracy.

We acknowledge some of the recent developments in China, but believe that the prospects for closer cooperation will be enhanced by renewed political and economic reform, particularly in the field of human rights. We agree to maintain the measures put into place at last year's Summit, as modified over the course of this year. However, in addition to existing lending to meet basic human needs, we will explore whether there are other World Bank loans that would contribute to reform of the Chinese economy, especially loans that would address environmental concerns.

5. In Africa, we hope that Namibia's attainment of independence and democracy will be a positive example for freedom, pluralism, and market-oriented economic reform throughout the continent. We also welcome the positive developments that have taken place in South Africa, especially the launching of talks between the government and representatives of the black majority. We hope this will lead to a peaceful transition to a non-racial democracy and the complete dismantlement of the apartheid system. We will continue to support this process and we call on all parties to refrain from violence or its advocacy.

6. In Latin America, we welcome the re-establishment of freedom and democracy in Chile. We applaud the recent fair and free elections in Nicaragua, as well as progress on the path to peace

through dialogue in El Salvador and Guatemala. We encourage the efforts of the Panamanian government to re-establish democracy and the rule of law. We note with satisfaction the positive evolution in Haiti. We hope that Cuba will take steps to join the democratic trend in the rest of Latin America.

7. While we applaud the reduction of ideological conflicts that have divided much of the world since the end of the Second World War, we note with deep concern the reemergence of intolerance affecting ethnic and religious groups. We agree that such intolerance can lead to conflicts, which can threaten fundamental human rights, as well as political and economic development.

8. We reaffirm our commitment to the fundamental principles we seek to realize in our own societies, and we underscore that political and economic freedoms are closely linked and mutually reinforcing. Each of us stands ready to help in practical ways those countries that choose freedom, through the provision of constitutional, legal, and economic know-how and through economic assistance, as appropriate.

In drawing from our different constitutional and historical experiences, we stand ready, individually and jointly in relevant fora, to:

- assist in the drafting of laws, including bills of rights and civil, criminal, and economic framework laws;
- advise in the fostering of independent media;
- establish training programs in government, management, and technical fields;
- develop and expand people-to-people contacts and exchange programs to help diffuse understanding and knowledge.

In the same spirit, the recent G-24 Ministerial agreed to extend its assistance in Central and Eastern Europe in parallel with progress in political and economic reform. We agree the challenge facing the industrialized democracies is to continue the effort already underway in Europe while expanding efforts to support political reform and economic development in other parts of the world. We call on our people and the people of other democracies to join in this great endeavor.

U.S.S.R. Statement

① We discussed the situation in the Soviet Union, and exchanged views regarding the message that Soviet President Gorbachev sent us several days ago on his economic plans. We noted the efforts underway in the Soviet Union to liberalize and democratize Soviet society, and to move toward a market-oriented economy. These measures deserve our support, but they need to be pressed further.

② We agreed to consider, individually and collectively, ways to assist these reform efforts. We all believe that technical assistance should be provided to help the Soviet Union move to a market-oriented economy.

③ Germany - *deliberate*
④ *with*
could
⑤ *with*
We also agreed that further Soviet decisions to introduce more radical steps toward a market-oriented economy, to shift resources substantially away from the military sector, and to cut support to nations promoting regional conflict will all improve the prospect for meaningful and sustained Western economic assistance, and taken together, will be needed to create the essential conditions for Western economic assistance to be of enduring value.

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EBRD
⑦ We agreed to ask the International Monetary Fund and World Bank to conduct an in-depth study of the Soviet economy, to make recommendations for its reform and the conditions under which Western economic assistance could effectively support those reforms. In this connection, we would encourage the IMF and World Bank to consult with the EC on its assessment of the Soviet economy.

U.S.S.R. Statement

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2. We have all begun, individually and collectively, to assist these reform efforts. We all believe that technical assistance should be provided now to help the Soviet Union move to a market-oriented economy and to mobilize its own resources. Some countries are already in a position to extend large scale financial credits.

3. ~~We~~ We also agreed that further Soviet decisions to introduce more radical steps toward a market-oriented economy, to shift resources substantially away from the military sector and to cut support to nations promoting regional conflict will all improve the prospect for meaningful and sustained economic assistance. ~~?~~

Alternate Paragraph 3. ~~[We have also agreed that other Soviet decisions aimed at taking more radical measures to introduce a market-oriented economy, to reduce unproductive expenditures and to allocate more resources to the productive sector and to work~~

towards an end to regional conflicts, will improve the prospects for significant and sustained Western economic help, and that, taken as a whole, these decisions will create the conditions for a possible long-lasting Western economic aid.]

4. [We agreed to ask the International Monetary Fund and World Bank to conduct an in-depth study of the Soviet economy, to make recommendations for its reform and the conditions under which Western economic assistance could effectively support those reforms. In this connection, we would encourage the IMF and World Bank to consult with the EC on its assessment of the Soviet economy.]

Alternate Paragraph 4. [We have taken note of the decision of the European Council in Dublin on June 26. We have agreed to ask the IMF, the World Bank, the OECD and the designated ~~president of the EBRD~~ ^{World Bank} ~~to undertake~~ ^{to undertake}, in close consultation with the Commission of the European Communities, a detailed study of the Soviet economy, to make recommendations for its reform and to establish the criteria under which Western economic assistance could effectively support these reforms. [This work should be completed within ~~four~~ ^{five} months.]

to manage this project.

as expeditiously as possible. The study will be covered by the IMF.

5. We took note of the importance to the Government of Japan of the peaceful resolution of its dispute with the Soviet Union over the Northern Territories.

6. The host Government will convey to the Soviet Union the results of the Houston Summit.

DE ZEEUW REPORT: POINTS TO MAKE

1. Framework for agriculture negotiations essential. Good that De Zeeuw has proposed text. A hard task, given the divergent views.

2. He points out that the 4 areas - internal support, import barriers, export subsidies, health regulations - are inter-related. That must be right.

3. He calls for reductions in support and protection not elimination. This too is sensible.

4. On internal support he favours the use of aggregate measures of support (AMS) as proposed by EC. That is welcome. But AMS commitments will also bite on import barriers and export subsidies.

I 5. His proposals on imports and exports create more difficulties for the EC. The Community would certainly have to address these issues at the TNC in Geneva. On these and other issues De Zeeuw's report does not prejudge the final outcome of the negotiations.

I (6. If asked directly: UK could accept report as basis for negotiations, though it causes us difficulty, especially on imports. But the EC is still considering and has not reached a common position.)

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2. He points out that the 4 areas - internal support, import barriers, export subsidies, health regulations - are inter-related. That must be right.

3. He calls for regulations in support and protection not elimination. This too is sensible.

4. On internal support he favours the use of agreed-upon number of support (AKS) as proposed by EC. That is welcome. But EC's counterproposal on limits on import barriers and export subsidies.

5. His proposals on imports and exports create some difficulties. The Community would certainly have to address these in a way that is in line with the EC's position on these and other issues. It is not clear that the EC's proposals are not prejudicial to the final outcome of the negotiations.

6. It is asked directly: UK could accept export subsidies for negotiations, though it causes no difficulty, but the EC's position on imports and export subsidies is still uncertain and has not reached a final agreement.

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Alternative para. #22

Agreement on a framework for the agricultural negotiations by the time of the July 23 meeting of the Trade Negotiations Committee is critical to the successful completion of the Uruguay Round as a whole. Accordingly, we direct our negotiators to use the text submitted by the Chairman of the Agriculture Negotiating Group as a basis of negotiations. This would open the way to achievement of the quantifiable liberalization and fundamental reform of agricultural policies we seek. We intend to maintain a high level of personal involvement and to exercise the political leadership necessary to ensure the successful outcome of these negotiations.

We acknowledge some of the recent developments in China, but believe that the prospects for closer cooperation will be enhanced by renewed political and economic reform, particularly in the field of human rights. We agree to maintain the measures put into place at last year's Summit, as modified over the course of this year. We will keep them under review for future adjustments to respond to further positive developments in China. ^{For example,} However, in addition to existing lending to meet basic human needs, we will explore whether there are other World Bank loans that would contribute to reform of the Chinese economy, especially loans that would address environmental concerns.

In China - you pay when you hope.

Netherlands.

In Russia, you hope when

you pay.

U.S.

- Could send things in opposite direction