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TO IMMEDIATE FCO

TELEGRAM NUMBER 291 OF 19 JUNE

YOUR TELNO 180

1. MR TRUDEAU OPENED THE DEBATE ON A MOTION WHICH TOOK NOTE OF THE PRESENT STATE AND FUTURE PROSPECTS OF CANADA'S INTERNATIONAL RELATIONS AND ENDORSED THE GENERAL THRUST OF THE PARLIAMENTARY TASK FORCE REPORT ON NORTH/SOUTH RELATIONS.

2. MR TRUDEAU MADE A FAIRLY RHETORICAL SPEECH. HE SPOKE OF THE BACKGROUND OF CURRENT UNPREDICTABILITY AND INSTABILITY IN THE WORLD IN WHICH ECONOMIC PROBLEMS AND INTERNATIONAL DISPUTES HAVE BEEN INCREASING IN BOTH NUMBER AND SEVERITY. THE SUPER POWERS HAVE LOST CONTROL OVER EVENTS. HE THEN STRESSED THE NEED FOR THE COUNTRIES OF THE NORTH TO RESPOND TO THE CRISIS IN THE THIRD WORLD. IF THEY DID NOT ACT TOGETHER THEN BOTH NORTH AND SOUTH ARE DOOMED. WITHIN THIS FRAMEWORK HE DISCUSSED THREE MAIN THEMES:

(A) THE ECONOMIC INSTABILITY OF THE WORLD AND THE NEED TO ADAPT TO NEW ECONOMIC CHALLENGES:

(B) THE NEED TO IMPROVE NORTH/SOUTH RELATIONS:

(C) THE PROBLEMS OF EAST/WEST RELATIONS.

3. HE RELATED EACH OF THESE ISSUES TO THE SUMMIT DISCUSSION. THE WORLD WOULD HAVE TO LEARN TO LIVE WITH ECONOMIC COMPRESSION IN THE 80S AND 90S AND THE GREAT VALUE OF THE SUMMIT WAS THAT THE LEADERS OF THE PRINCIPAL INDUSTRIALISED DEMOCRACIES COULD SHARE THEIR ANALYSES OF THE PROBLEMS, STRENGTHEN THEIR SENSE OF COMMON PURPOSE AND ASSESS WHERE THEY CAN COME CLOSER TOGETHER OR MOVE FORWARD TOGETHER. THE OTTAWA SUMMIT WOULD ALSO CONTINUE THE TREND TOWARDS POLITICAL DISCUSSION PARTICULARLY BECAUSE MOST LEADERS WOULD BE MEETING FOR THE FIRST TIME. THE WORLD WOULD LOOK TO THE PARTICIPANTS FOR LEADERSHIP AND FROM THE THIRD WORLD THE LOOK WOULD BE SCEPTICAL. IT WOULD BE THE MOST DIFFICULT SUMMIT EVER HELD BUT WOULD BE UNSTRUCTURED WITH MAXIMUM OPPORTUNITY FOR DISCUSSION OF BROAD THEMES OF CRISES AND OPPORTUNITY. THE SUMMIT MEMBERS MUST COPE WITH SLOW GROWTH, HIGH UNEMPLOYMENT AND RAMPANT INFLATION AND POSSIBILITY OF A DELAY IN THE ECONOMIC UPTURN UNTIL 1982. A NUMBER OF PARTICIPANTS, INCLUDING CANADA, WERE WORRIED ABOUT THE NEGATIVE INTERNATIONAL SPIN OFFS OF AMERICAN DOMESTIC POLICY, PARTICULARLY INTEREST RATES. THE ROLE OF THE SUMMIT IS TO ENSURE THAT NATIONAL POLICIES AIMED AT COMMON OBJECTIVES ARE NOT INCOMPATIBLE AND COUNTER PRODUCTIVE.



4. DEALING WITH EAST/WEST RELATIONS HE REFERRED TO AFGHANISTAN AS A CONCERN WHICH SHOULD COME FOREMOST ON THE AGENDA FOR ANY MEETING ON INTERNATIONAL AFFAIRS. THE SUMMIT WOULD ALLOW WESTERN LEADERS TO BRING THEIR GENERAL VIEWS INTO LINE. HE SPOKE OF THE INCREASED SOVIET NAVAL PRESENCE AROUND THE WORLD AND WEAPONRY IN EUROPE, BUT THOUGHT THAT THE GOOD SENSE OF THE SOVIET LEADERS WOULD PREVAIL AND STRESSED THE IMPORTANCE OF STABILISATION IN EAST/WEST RELATIONS AND THE NEED TO AVOID INVOLVING THE SOUTHERN NATIONS IN TENSIONS BETWEEN EAST AND WEST. THE SINE QUA NON FOR STABILITY WAS BASIC AGREEMENT BETWEEN THE SUPER POWERS, WHICH SHOULD REACTIVATE THE BEST ARRANGEMENTS BETWEEN THE US AND THE USSR OF THE 70S. NATO REMAINS AN INDISPENSABLE INSTRUMENT TO THE MAINTENANCE OF COHESION OF STRENGTH, STABILITY AND BALANCE IN EUROPE. HE WAS LESS CONFIDENT ABOUT CRISES OUTSIDE EUROPE, PARTICULARLY IN THE GULF. HE ALSO CALLED FOR A RESUMPTION IN SALT NEGOTIATIONS AND FOR MEASURES TO STOP THE NUCLEAR ARMS RACE AND ACHIEVE A NEW ARMS BALANCE AT INCREASINGLY LOWER LEVELS. HE REITERATED CANADA'S STAND ON NUCLEAR SAFETY.

5. ON NORTH/SOUTH AFFAIRS HE SPOKE OF THE NEED FOR INDUSTRIALISED COUNTRIES TO GIVE PRIORITY TO MANAGEMENT OF THE LATENT CRISIS. THE SOUTH'S VISION OF A NEW INTERNATIONAL ECONOMIC ORDER PROCEEDS TO A COMMON VIEW THAT THE OLD RULES HAVE NOT PERMITTED EQUAL OPPORTUNITY OR EQUITABLE SHARING OF THE FRUITS OF EFFORT. IN THIS VIEW THEY ARE RIGHT AND JUSTICE IS ON THEIR SIDE. IN ADDITION COMMON SENSE AND SELF INTEREST REQUIRE THE WEST TO SUPPORT REFORM THROUGH A PROCESS INCLUDING GLOBAL NEGOTIATIONS. THE BEST TOOL FOR ASSISTANCE FOR THE POOREST IS AID AND THE CANADIAN AID RECORD IS BEING IMPROVED AND HAS MADE MUCH PROGRESS SINCE THE 60S. THE POOREST NATIONS REQUIRE SPECIAL ASSISTANCE, BUT HE ALSO EMPHASISED THE NEED TO DEVELOP TRADE AND GIVE THIRD WORLD COUNTRIES GREATER SECURITY IN COMMODITY PRICES AND ACCESS TO INTERNATIONAL COMMODITY MARKETS AND TO TECHNOLOGICAL SKILLS AND TO MARKETS FOR MANUFACTURED PRODUCTS. HE HAD DISCUSSED THESE ISSUES WITH LEADERS OF SEVERAL DEVELOPING COUNTRIES DURING HIS RECENT TRAVELS. HE DID NOT EXPECT A SUDDEN BREAKTHROUGH IN THE FORTHCOMING SERIES OF INTERNATIONAL MEETINGS BUT A BETTER POLITICAL FOCUS ON MAJOR PRIORITIES.

Trade

Text Proposed by Commission to Japanese  
for Inclusion in Ottawa Summit  
Communiqué

41

BEGINNING OF TEXT :

WE REAFFIRM OUR DETERMINATION TO STRENGTHEN THE OPEN WORLD TRADING SYSTEM AND TO RESIST PROTECTIONIST PRESSURES.

IN ORDER THAT TO THIS END A NEW POLITICAL IMPETUS SHOULD BE GIVEN WE SUGGEST THAT THE CONTRACTING PARTIES TO THE GATT SHOULD CONSIDER MEETING AT MINISTERIAL LEVEL IN THE COURSE OF NEXT YEAR IN ORDER TO REVIEW PROGRESS IN THE IMPLEMENTATION OF THE RESULTS OF THE TOKYO ROUND AND TO LAY OUT PRIORITIES FOR THE TRADE LIBERALISATION ALREADY IN TRAIN OVER THE NEXT FEW YEARS, BEARING IN MIND IN PARTICULAR THE NEED FURTHER TO INTEGRATE THE DEVELOPING COUNTRIES INTO THE WORLD ECONOMY.

AS A FIRST STEP TO THIS END WE CHARGE OUR TRADE NEGOCIATORS WITH THE TASK OF EXPEDITING THE IMPLEMENTATION OF THE TOKYO ROUND RESULTS. WE ALSO ASK THEM TO KEEP UNDER REGULAR REVIEW THE ROLE PLAYED BY OUR COUNTRIES IN THE SMOOTH FUNCTIONING OF THE WORLD TRADING SYSTEM PARTICULARLY IN REGARD TO THE NEED IN THIS CONTEXT FOR THE MAXIMUM OPENNESS OF MARKETS WHILE AVOIDING TRADE DISRUPTION.

END OF TEXT

42

28

29

30

31