

The London Economic Summit 7-9.6.1984
(Documents transmitted by the Spokesman's Group)

1. BIO (84) 208 : "Curtain raiser", 6.6.1984 (French)
2. BIO (84) 208 (suite 1) : Summit, dinner 7.6 and morning 8.6.1984
(English)
3. Declaration on democratic values, 8.6.1984 (English)
(transmitted in extenso in BIO (84) 208 (suite 2))
4. Declaration on international terrorism, 9.6.1984 (English/French)
(English summary transmitted in BIO (84) 208 (suite 3))
5. Declaration on East West Relations and arms control, 9.6.1984
(English/French)
(English summary transmitted in BIO (84) 208 (suite 3))
6. Statement by the Chair : The Iraq Iran Conflict, 9.6.1984
(English/French)
(English summary transmitted in BIO (84) 208 (suite 3))
7. The London Economic Declaration, 9.6.1984 (English)
(transmitted in extenso BIO (84) 208 (suite 4))
8. Declaration by President Gaston E. Thorn, 9.6.1984 (English/French)
(English text transmitted in extenso in BIO (84) 208 (suite 5))
9. Initial remarks by President Gaston E. Thorn at Press Conference
after the Summit, 9.6.1984 (English)
(transmitted in extenso in BIO (84) 208 (suite 5))

Bruxelles, le 6 juin 1984.

Note BIO (84) 208 aux Bureaux Nationaux
cc. aux membres du Groupe du Porte-Parole

SOMMET ECONOMIQUE OCCIDENTAL (van der Pas)

Le President THORN participera au dixieme Sommet Economique Occidental qui se tiendra a Londres du 7 au 9 juin. Les autres participants seront le President Ronald REAGAN (Etats-Unis), les Premiers Ministres Pierre TRUDEAU (Canada) et Yasuhiro NAKASONE (Japon), ainsi que le President Francois MITTERAND (France), le Chancelier Helmut KOHL (Allemagne), le Premier Ministre Bettino CRAXI (Italie). Mme Margaret THATCHER (Royaume-Uni) presidera le Sommet en tant que Premier Ministre du pays hote.

Pour le President Thorn, celui-ci sera le quatrieme Sommet Economique Occidental, apres ceux de Ottawa (81), Versailles (82) et Williamsburg (83). Comme dans les precedents, il participera pleinement a toutes les reunions des Chefs d'Etat et de Gouvernement et representera, avec le President Mitterand qui participera en tant que Chef d'Etat et President du Conseil Europeen, la position communautaire dans tous les domaines ou la Communaute a une competence propre : commerce, economie, monnaie, etc.

Le Vice-President Ortoli accompagnera le President Thorn, comme aux Sommets precedents.

Il n'y a pas d'ordre du jour formel pour le Sommet de Londres. Les points centraux de discussion se sont cependant clairement degages des travaux preparatoires menes par les "representants personnels": consolidation de la relance economique sans inflation, les politiques economique et monetaire nationales des pays participants et la compatibilite entre elles; l'amelioration du fonctionnement du systeme monetaire international; la question toujours plus brulante des dettes des pays en voie de developpement; le probleme du lancement d'un nouveau round au GATT; la strategie petroliere des pays occidentaux.

1. Situation economique

Les Chefs d'Etat et de Gouvernement pourront confirmer l'optimisme, qui s'est deja fait jour lors de la derniere reunion ministerielle de l'OCDE, quant a la relance economique. Celle-ci est bien engagee aux Etats-Unis avec une croissance de 8,8 % au 1er trimestre 84. Dans l'ensemble des pays de l'OCDE on s'attend a une croissance pour l'annee 84, de l'ordre de 4 %; dans la Communaute, le chiffre pourrait etre de l'ordre de 2,4 %.

Au cours des discussions, l'accent sera sans doute mis sur la necessite de consolider cette evolution par des politiques nationales plus adequates et compatibles entre elles (gardant sous controle l'inflation et combattant le chomage toujours eleve) et d'assurer l'extension de la relance aux pays en voie de developpement. Sous ces deux rubriques, les partenaires du President Reagan souligneront probablement que beaucoup depend de la politique budgetaire et monetaire poursuivie par les Etats-Unis. Ils insisteront sur la necessite d'une reduction du deficit budgetaire americain qui est de l'ordre de 200 milliards de dollars. Ronald Reagan nie un lien entre le niveau eleve des taux d'interet americains et ce deficit, mais pour ses partenaires europeens ce lien est evident. Le "prime rate" americain est passe, depuis mars 1984, de 11 a 12,9 %; les taux d'interet a court terme sont de l'ordre de 10,9 %.

Les consequences sont multiples. Cette hausse alourdit gravement le service de la dette des pays en voie de developpement (1 % d'augmentation des taux d'interet americains equivaut a une charge supplementaire de l'ordre de 4 milliards de dollars par an), et risque ainsi de provoquer une crise financiere a l'echelle internationale. Les consequences pour le commerce international sont egalement evidentes: les PVD sont obliges de reduire leurs importations ce qui freine la relance dans les pays exportateurs et cree des tensions sociales et politiques dans les pays debiteurs. La Communaute, par exemple, a deja vu quadrupler son deficit commercial avec les pays d'Amérique latine: il a atteint 9 milliards de dollars en 1983. La surevaluation du dollar, a laquelle contribue le taux d'interet americain eleve, renforce les tendances protectionnistes aux Etats Unis, ajoutant a l'incertitude dans le commerce international. Enfin, le taux d'interet americain cree de l'incertitude en ce qui concerne la relance dans les autres pays qui voient beaucoup de leurs capitaux, normalement disponibles pour des investissements productifs, partir aux Etats-Unis pour profiter d'un rendement monetaire plus eleve.

Les Europeens reconnaîtront que des progres considerables ont ete accompli aux Etats Unis en matiere de reduction de l'inflation et de stimulation de l'economie. Tout ceci a eu un effet positif sur l'economie mondiale. Ils reconnaissent egalement que la situation n'est pas facile et que les Americains font des efforts en vue d'une reduction du deficit budgetaire, meme si les resultats concrets de ces efforts restent hautement incertains. Ils ne seront cependant pas convaincus par l'argument, avance par certains, que le deficit budgetaire americain, entrainant un taux eleve du dollar et stimulant ainsi les importations a tel point que les Etats Unis enregistreront cette annee un deficit commercial record de l'ordre de 100 milliards de dollars, contribue a leur propre relance. Celle-ci est en grande partie due a la reprise de la demande interne et des investissements en Europe : elle reste menacee par les incertitudes liees a la persistance du deficit budgetaire americain.

2. Pays en voie de developpement.

L'endettement des pays en voie de developpement sera probablement un des themes majeurs a Londres. Meme si une crise ouverte a pu etre evitee jusqu'ici, les risques persistent comme le montre l'extreme difficulte eprouvee par les grands pays debiteurs latino-americains a payer les interets sur leurs emprunts. Du cote europeen, on soulignera la necessite de politiques nationales visant a reduire les taux d'interet (en particulier aux Etats Unis), d'octroyer aux institutions internationales financieres suffisamment de ressources pour soutenir les ajustements economiques dans les PVD et de trouver, au niveau des banques privees, une consolidation a plus long terme des dettes ainsi qu'une stabilisation de leur service, par exemple par un plafonnement des charges du service des dettes.

Les participants au Sommet pourront egalement saluer le deblocage de 9 milliards de dollars pour le fonctionnement, de juillet 84 a juin 87 de l'IDA (International Development Association = Branche de la Banque mondiale donnant des emprunts a taux d'interet reduit aux pays les moins developpes). Du cote communautaire on regrette cependant que l'objectif initial de 12 milliards n'ait pas ete retenu (exclusivement a cause de l'opposition du gouvernement americain qui voulait limiter sa contribution de 25% a 2,25 milliards). Les 9 milliards retenus sont de 25 % inferieurs au montant disponible auparavant et presque 50 % inferieurs a la proposition initiale de 16 milliards. L'IDA sera par consequent obligee de reduire sensiblement ses activites au detriment des pays les plus pauvres. Des efforts pour la creation d'un fonds supplementaire de 2 milliards sont en cours.

Les Europeens pourront egalement rappeler que la Communaute est, avec 0,53 % du PNB, le plus grand donateur d'aide aux PVD et se rapproche le plus de l'objectif international de 0,7 % du PNB (que les Pays-Bas, le Danemark et la France dépassent). Les Etats-Unis n'atteignent que 0,27 % et le Japon 0,29 %. La Communaute est donc en bonne position pour plaider pour une augmentation de cette aide de la part de ses partenaires. Elle pourra insister egalement pour que l'aide soit utilisee de la maniere la plus efficace possible et pour que les pays donateurs se coordonnent au mieux. Son objectif principal n'a pas change et l'oppose en quelque sorte aux Etats-Unis : l'objectif du developpement doit avoir la primauté sur les considerations commerciales.

3. Commerce international.

Le principal point qui surgira sous ce chapitre sera sans doute l'initiative americano-japonaise en faveur d'un nouveau "round" de negociations multilaterales au GATT. Vous connaissez la position communautaire: nous saluons toute initiative qui peut renforcer et developper le systeme commercial international ouvert, mais sommes d'avis qu'une entreprise aussi monumentale qu'une negociation multilaterale ne peut etre decidee qu'apres avoir explore que les partenaires au GATT, y compris les pays en voie de developpement, ce que pourraient etre les objectifs, le calendrier et les participants a une telle negociation. En plus, un nouveau round ne doit pas etre un alibi pour abandonner


l'execution du programme de travail etabli par la reunion ministerielle du GATT de novembre 82; or beaucoup reste a faire. Il doit par consequent rester la premiere priorite, d'autant plus que, une fois execute, il fournira une bonne base pour la preparation d'un eventuel nouveau round.

Autre priorite a souligner par les Europeens : maitriser les tendances protectionnistes qui restent vives et qui peuvent avoir un effet nefaste sur le commerce mondial, element essentiel dans la relance. Le message sera en premier lieu adresse au President Reagan, confronte a de multiples pressions dans une annee electorale. Les participants pourront cependant exprimer leur satisfaction sur l'engagement pris par tous les pays de l'OCDE d'avancer au 1.1.85 les reductions tarifaires dues, au titre du Tokyo Round, le 1.1.86. Des ratifications parlementaires sont encore necessaires et la question principale qui se pose est si le Congres americain le fera avant les elections presidentielles.

4. Systeme monetaire international.

Dans la discussion sur l'amelioration du systeme monetaire international, les Europeens feront valoir que l'instabilite monetaire persiste, encourage le protectionnisme et a une influence negative sur la reprise des investissements, de la production et du commerce. Tout le monde est d'accord qu'un retour au systeme de Bretton Woods est impossible et qu'il faudra chercher des arrangements plus informels et flexibles. Les travaux, deja bien engages dans les instances internationales competentes (IMF, Groupe des 10), devront etre poursuivis et acheves debut 1985 afin de permettre au prochain Sommet d'emettre les recommandations concernant les progres ulterieurs a accomplir.

Amities,
Manuel SANTARELLI // Comeur ////



NOTE BIO (84) 208(SUITE 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU GROUPE DU PORTE-PAROLE

8.6.1984

WESTERN ECONOMIC SUMMIT (VAN DER PAS)

THE MEETING OF THE HEADS OF STATE AND GOVERNMENT AND PRESIDENT THORN STARTED THIS MORNING BY AN INTRODUCTORY STATEMENT BY PRIME MINISTER MARGARET THATCHER. SHE OUTLINED FOUR MESSAGES WHICH IN HER VIEW SHOULD COME OUT OF THIS SUMMIT:

1. ECONOMIC RECOVERY: WE ARE ON THE RIGHT TRACK AND WILL STICK TO THE PRESENT STRATEGY
2. SOCIAL SECURITY: WE NEED TO CURB UNREALISTIC EXPECTATIONS IN VIEW OF THE FINANCIAL LIMITATIONS IMPOSED BY BUDGETARY RESTRAINT
3. DEBT PROBLEM : WE NEED TO ESTABLISH AN APPROPRIATE STRATEGY
4. UNEMPLOYMENT: WE MUST CREATE NEW JOBS BY ADAPTING OUR ECONOMIES TO THE NEW TECHNOLOGIES.

THE ECONOMY CHAPTER WAS THE MOST IMPORTANT IN THIS MORNING'S DISCUSSIONS OF THE LEADERS AND IN PARALLEL MEETINGS OF FOREIGN AND FINANCE MINISTERS. FOREIGN MINISTER HOWE SAID IT WAS A "GOOD DISCUSSION" TOUCHING ON SUCH QUESTIONS AS HOW TO SUSTAIN THE RECOVERY, HOW TO KEEP DOWN INFLATION AND PROTECTIONISM AND HOW TO CREATE NEW JOBS. HE STRESSED THE IMPORTANCE, RECOGNISED BY EVERYBODY, OF INTERNATIONAL TRADE EXPANSION AS A NECESSARY BASIS FOR THE ECONOMIC RECOVERY.

PRIME MINISTER NAKASONE REITERATED THE JAPANESE PROPOSAL FOR A NEW GATT ROUND. PRESIDENT THORN AGREED THAT A NEW ROUND "WOULD BE OF THE UTMOST IMPORTANCE IN STRENGTHENING THE LIBERAL TRADE SYSTEM". BUT HE ALSO WARNED OF THE DANGERS FOR THE GATT SYSTEM IF A NEW ROUND WERE STARTED WITHOUT SUFFICIENT PREPARATION AND "IF THERE WERE A CRASH ON TAKEOFF". HE SAID THAT "PEOPLE WILL TAKE US FOR HYPOCRITES" IF WE DID NOT GIVE "FIRST PRIORITY TO THE AVOIDANCE OF NEW PROTECTIONIST MEASURES" AND "WOULD USE A NEW ROUND FOR AN ALIBI FOR NOT CARRYING THROUGH THE GATT WORK PROGRAMME OF 1982". PRESIDENT THORN ALSO INSISTED ON "THE NEED FOR PRIOR BROAD INTERNATIONAL CONSENSUS ON THE OBJECTIVES OF THE NEW ROUND". AT THIS STAGE MANY DEVELOPING COUNTRIES "WERE HESITANT AND SUSPICIOUS" AND WERE NOT CONVINCED THAT THEY WOULD HAVE SOMETHING TO GAIN FROM A NEW ROUND. THE COMMUNITY HAS TAKEN THE INITIATIVE, HE SAID TO PROPOSE AN AD HOC HIGH LEVEL GATT MEETING NEXT YEAR. IF THAT WERE SUCCESSFUL, IT "COULD OPEN THE WAY TO THE FORMAL LAUNCHING OF A POSSIBLE NEGOTIATION IN 1986".

PRESIDENT THORN'S DECLARATION RECEIVED FIRM SUPPORT FROM PRESIDENT MITTERAND AND PRIME MINISTER THATCHER. PRESIDENT REAGAN ALSO RECOGNISED THAT VERY THOROUGH PREPARATION WAS ESSENTIAL BEFORE LAUNCHING THE NEW ROUND.

OTHER SUBJECTS WHICH HAVE COME UP DURING THE DISCUSSIONS TODAY OR AT THE LEADERS' DINNER YESTERDAY EVENING COVERED EAST/WEST RELATIONS, RECONFIRMATION OF DEMOCRATIC VALUES SHARED BY ALL PARTICIPANTS, THE GULF SITUATION AND TERRORISM. AT THIS STAGE IT IS NOT CERTAIN YET WHETHER ALL THESE SUBJECTS WILL BE TAKEN UP IN AGREED STATEMENTS AT THE END OF THE SUMMIT.

(MORE TO COME.)

REGARDS

Doc (84) Les. Sum. 2 (15.6.84)
(Declaration on Democratic Values)

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THE LONDON ECONOMIC SUMMIT 1984

DECLARATION ON DEMOCRATIC VALUES

As agreed by Heads of State or Government

8 June 1984

We, the Heads of State or Government of seven major industrial democracies with the President of the Commission of the European Communities, assembled in London for the Tenth Economic Summit meeting, affirm our commitment to the values which sustain and bring together our societies.

2. We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity.

3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.

4. We believe that, in the political and economic systems of our democracies, it is for Governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which the ideals of social justice, obligations and rights can be pursued; in which enterprise can flourish and employment opportunities can be available for all; in which all have equal opportunities of sharing in the benefits of growth and there is support for those who suffer or are in need; in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery; and in which there can be confidence in the soundness of the currency. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.

5. We believe in close partnership among our countries in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for co-operation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political,

economic and social systems. We respect genuine non-alignment. We are aware that economic strength places special moral responsibilities upon us. We reaffirm our determination to fight hunger and poverty throughout the world.

6. We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence. We believe that in today's world the independence of each of our countries is of concern to us all. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.

7. Strong in these beliefs, and endowed with great diversity and creative vigour, we look forward to the future with confidence.

Lancaster House

8 June 1984

1300 (90) Sec. 101 &
9.6.84
(Summary)



THE LONDON ECONOMIC SUMMIT 1984

DECLARATION ON INTERNATIONAL TERRORISM

1. The Heads of State and Government discussed the problem of international terrorism.
2. They noted that hijacking and kidnapping had declined since the Declarations of Bonn (1978), Venice (1980) and Ottawa (1981) as a result of improved security measures, but that terrorism had developed other techniques, sometimes in association with traffic in drugs.
3. They expressed their resolve to combat this threat by every possible means, strengthening existing measures and developing effective new ones.
4. They were disturbed to note the ease with which terrorists move across international boundaries, and gain access to weapons, explosives, training and finance.
5. They viewed with serious concern the increasing involvement of states and governments in acts of terrorism, including the abuse of diplomatic immunity. They acknowledged the inviolability of diplomatic missions and other requirements of international law: but they emphasised the obligations which that law also entails.
6. Proposals which found support in the discussion included the following:
 - closer co-operation and co-ordination between police and security organisations and other relevant authorities, especially in the exchange of information, intelligence and technical knowledge;
 - scrutiny by each country of gaps in its national legislation which might be exploited by terrorists;

- use of the powers of the receiving state under the Vienna Convention in such matters as the size of diplomatic missions, and the number of buildings enjoying diplomatic immunity;
- action by each country to review the sale of weapons to states supporting terrorism;
- consultation and as far as possible cooperation over the expulsion or exclusion from their countries of known terrorists, including persons of diplomatic status involved in terrorism.

7. The Heads of State and Government recognised that this is a problem which affects all civilised states. They resolved to promote action through competent international organisations and among the international community as a whole to prevent and punish terrorist acts.



THE LONDON ECONOMIC SUMMIT, 1984

DECLARATION SUR LE TERRORISME INTERNATIONAL

1. Les Chefs d'Etat et de Gouvernement ont discuté le problème du terrorisme international.
2. Ils ont noté le fait que les détournements d'avions et les enlèvements ont diminué depuis les déclarations de Bonn (1978), Venise (1980) et Ottawa (1981) par suite de mesures de sécurité accrues, mais que le terrorisme a développé d'autres techniques, parfois en association avec le trafic de drogue.
3. Ils ont exprimé leur détermination de combattre cette menace par tous les moyens possibles, en renforçant les mesures existantes et en adoptant de nouvelles.
4. Ils se sont inquiétés de la facilité avec laquelle les terroristes traversent les frontières internationales et obtiennent un accès aux armes, aux explosifs, aux moyens d'entraînement et de financement.
5. Ils ont noté avec une préoccupation particulière l'implication croissante d'Etats et de Gouvernements dans des actes de terrorisme, y compris en abusant de l'immunité diplomatique. Ils ont reconnu l'inviolabilité des missions diplomatiques et les autres exigences du Droit international ; mais ils ont souligné les obligations que ce droit implique également.

6. Parmi les propositions qui ont rencontré du soutien lors de la discussion figurent les suivantes :

- coopération et coordination plus étroites entre les services de police et les organismes de sécurité et les autres instances appropriées, spécialement pour l'échange d'informations, de renseignements et de connaissances techniques ;
- examen par chaque pays des lacunes de sa législation nationale qui pourraient être exploitées par les terroristes ;
- utilisation des pouvoirs du pays hôte selon la Convention de Vienne dans des domaines tels que les effectifs des missions diplomatiques et le nombre des bâtiments bénéficiant de l'immunité diplomatique ;
- examen par chaque pays des ventes d'armes aux Etats qui soutiennent le terrorisme ;
- consultation, et autant que possible coopération, au sujet de l'expulsion ou du refus d'admettre dans leur pays les terroristes connus, y compris les personnes de statut diplomatique impliquées dans le terrorisme.

7. Les Chefs d'Etat et de Gouvernement ont reconnu qu'il s'agit d'un problème qui affecte tous les pays civilisés. Ils sont résolus à promouvoir une action à travers les organisations internationales compétentes et au sein de la communauté internationale dans son ensemble afin de prévenir et de punir les actions terroristes.

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9. 4. 84
(Final version)

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THE LONDON ECONOMIC SUMMIT 1984

DECLARATION ON EAST WEST RELATIONS AND ARMS CONTROL

1. We had a substantial discussion of East-West relations. We stressed that the first need is for solidarity and resolve among us all.

2. At the same time, we are determined to pursue the search for extended political dialogue and long-term co-operation with the Soviet Union and her allies. Contacts exist and are being developed in a number of fields. Each of us will pursue all useful opportunities for dialogue.

3. Our aim is security and the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations and the speedy resumption of those now suspended. The United States has offered to re-start nuclear arms control talks anywhere, at any time, without pre-conditions. We hope that the Soviet Union will act in a constructive and positive way. We are convinced that this would be in the common interest of both East and West. We are in favour of agreements which would build confidence and give concrete expression, through precise commitments, to the principle of the non-use of force.

4. We believe that East and West have important common interests: in preserving peace; in enhancing confidence and security; in reducing the risks of surprise attack or war by accident; in improving crisis management techniques; and in preventing the spread of nuclear weapons.

UNOFFICIAL TRANSLATION
9 JUNE 1984



THE LONDON ECONOMIC SUMMIT 1984

DECLARATION SUR LES RELATIONS EST-OUEST ET LE CONTROLE DES ARMEMENTS

1. Nous avons eu une discussion de fond sur les relations Est-Ouest. Nous avons souligné que nous avons besoin avant tout de solidarité et de résolution.
2. En même temps, nous sommes décidés à poursuivre la recherche d'un dialogue politique étendu et d'une coopération à long terme avec l'Union Soviétique et ses alliés. Des contacts existent et se développent dans un certain nombre de domaines. Chacun de nous saisira toutes les occasions utiles de dialogue.
3. Notre but est la sécurité au niveau de forces le plus bas possible. Nous souhaitons des résultats rapides et positifs dans les diverses négociations sur le contrôle des armements et la prompte reprise de celles qui sont aujourd'hui suspendues. Les Etats-Unis ont offert de reprendre les pourparlers sur le contrôle des armes nucléaires en tous lieux, à tout moment, sans préalables. Nous espérons que l'Union Soviétique agira de manière constructive et positive. Nous sommes convaincus que ceci serait dans l'intérêt commun de l'Est et de l'Ouest. Nous sommes favorables à des accords qui renforceraient la confiance et donneraient une expression concrète, par des engagements précis, au principe de non-usage de la force.
4. Nous croyons que l'Est et l'Ouest ont d'importants intérêts communs : dans la préservation de la paix ; dans le renforcement de la confiance et de la sécurité ; dans la réduction des risques d'attaque par surprise ou de guerre par accident ; dans l'amélioration des techniques de gestion des crises et dans la prévention de la dissémination des armes nucléaires . . .

9 JUNE 1984

1/20 (84) 208 A. 3
9 6 98
(Summit)

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THE LONDON ECONOMIC SUMMIT 1984

THE IRAQ IRAN CONFLICT

STATEMENT BY THE CHAIR

1. We discussed the Iraq/Iran conflict in all its various aspects.
2. We expressed our deep concern at the mounting toll in human suffering, physical damage and bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.
3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other states. The principle of freedom of navigation must be respected. We are concerned that the conflict should not spread further and we shall do what we can to encourage stability in the region.
4. We encourage the parties to seek a peaceful and honourable settlement. We shall support any efforts designed to bring this about, particularly those of the United Nations Secretary-General.
5. We also considered the implications for world oil supplies on the lines set out in the Economic Declaration. We noted that the world oil market has remained relatively stable. We believe that the international system has both the will and the capacity to cope with any foreseeable problems through the continuation of the prudent and realistic approach that is already being applied.



THE LONDON ECONOMIC SUMMIT 1984

LE CONFLIT IRAK/IRAN

Exposé de la Présidence

1. Nous avons discuté du conflit Irak/Iran dans chacun de ses divers aspects.
2. Nous avons exprimé notre profonde préoccupation devant le prix croissant en souffrances humaines, en destructions matérielles et en amertume qu'à coûté ce conflit, ainsi que devant les violations du droit humanitaire international qui ont eu lieu.
3. Notre espoir et notre désir à tous sont que les deux parties cessent leurs attaques l'une contre l'autre et contre les navires d'autres pays. Le principe de la liberté de navigation doit être respecté. Notre souci est d'éviter que ce conflit ne s'étende plus encore et nous ferons notre possible pour encourager les forces de la stabilité dans la région.
4. Nous encourageons les parties à rechercher un règlement pacifique et honorable. Nous soutiendrons tous les efforts ayant pour but d'y parvenir, en particulier ceux du Secrétaire Général des Nations Unies.
5. Nous avons également examiné les implications pour les fournitures de pétrole dans le monde selon les orientations de la Déclaration Economique. Nous avons noté que le marché pétrolier mondial est resté relativement stable. Nous croyons que le système international possède à la fois la volonté et la capacité de faire face à tout problème envisageable par une poursuite de la démarche prudente et réaliste qui est déjà mise en oeuvre.

1984/205 suite 4
7.6.84
(in excess)



THE LONDON ECONOMIC SUMMIT 1984

THE LONDON ECONOMIC DECLARATION

9 June 1984

We, the Heads of State or Government of seven major industrialised countries and the President of the Commission of the European Communities, have gathered in London from 7 to 9 June 1984 at the invitation of the Rt Hon Margaret Thatcher FRS MP, the Prime Minister of the United Kingdom, for the tenth annual Economic Summit.

2. The primary purpose of these meetings is to enable Heads of State or Government to come together to discuss economic problems, prospects and opportunities for our countries and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

3. At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world

recession. That recovery can now be seen to be established in our countries. It is more soundly based than previous recoveries in that it results from the firm efforts made in the Summit countries and elsewhere over recent years to reduce inflation.

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialised countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and damp down inflationary expectations, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

5. Not the least of our concerns is the growing strain of public expenditure in all our countries. Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to

these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

6. As unemployment in our countries remains high, we emphasise the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalise capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognised the economic interdependence of the industrialised and developing countries. We reaffirm our willingness to conduct our relations with them in a spirit of goodwill and co-operation. To this end we have asked Ministers of Finance to consider the scope for intensified discussion of international financial issues of particular concern to developing countries in the IBRD Development Committee, an appropriate and broadly

representative forum for this purpose.

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

9. We have therefore agreed:-

(1) to continue with and where necessary strengthen policies to reduce inflation and interest rates, to control monetary growth and where necessary reduce budgetary deficits;

(2) to seek to reduce obstacles to the creation of new jobs:

- by encouraging the development of industries and services in response to demand and technological change, including in innovative small and medium-sized businesses;
- by encouraging the efficient working of the labour market;
- by encouraging the improvement and extension of job training;
- by encouraging flexibility in the patterns of working time;
- and by discouraging measures to preserve obsolescent production and technology;

(3) to support and strengthen work in the appropriate international organisations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and

promoting growth, in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonising standards and facilitating the mobility of labour and capital;

(4) to maintain and wherever possible increase flows of resources, including official development assistance and assistance through the international financial and development institutions, to the developing countries and particularly to the poorest countries; to work with the developing countries to encourage more openness towards private investment flows; and to encourage practical measures in those countries to conserve resources and enhance indigenous food and energy production. Some of us also wish to activate the Common Fund for Commodities;

(5) in a spirit of co-operation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:

- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;

- encouraging the IMF in its central role in this process, which it has been carrying out skilfully;
- encouraging closer co-operation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;
- in cases where debtor countries are themselves making successful efforts to improve their position, encouraging more extended multi-year rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;
- encouraging the flow of long-term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing countries, so these countries can help themselves by encouraging investment from the industrial countries;
- encouraging the substitution of more stable long-term finance, both direct and portfolio, for

short-term bank lending;

(6) to invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international liquidity and the role of the IMF; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the IMF Interim Committee in September 1984;

(7) to carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;

(8) to seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialised countries;

(9) to urge all trading countries, industrialised and developing alike, to resist continuing protectionist pressures, to reduce barriers to trade and to make renewed efforts to liberalise and expand international trade in manufactures, commodities and services;

(10) to accelerate the completion of current trade liberalisation programmes, particularly the 1982 GATT work programme, in co-operation with other trading partners; to press forward with the work on trade in services in the international organisations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work programme, to consult partners in the GATT with a view to decisions at an early date on the possible objectives, arrangements and timing for a new negotiating round.

10. We are greatly concerned about the acute problems of poverty and drought in parts of Africa. We attach major importance to the special action programme for Africa, which is

being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international co-operation and mutually supportive action. We will continue to act together to that end.

12. We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries, and on the need to continue work on this subject in the appropriate organisations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of co-operation, and invite the Group to pursue further work and to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an international conference to be held in

Italy in 1985 on the theme of technological innovation and the creation of new jobs.

14. We recognise the international dimension of environmental problems and the role of environmental factors in economic development. We have invited Ministers responsible for environmental policies to identify areas for continuing co-operation in this field. In addition we have decided to invite the Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage. The Group is invited to report on these matters by 31 December 1984. In the meantime we welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organised by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second Conference in 1985.

16. We believe that manned space stations are the kind of programme that provides a stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of national or international programmes. In that context each of our countries will consider carefully the generous and thoughtful invitation received from the President of the United States to other Summit countries to participate in the development of such a station by the United States. We welcome the intention of the United States to report at the next Summit on international participation in their programme.

17. We have agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic of Germany.

Lancaster House

9 June 1984



Press Release

EMBARGO: 17.30 HOURS-JUNE 9 1984

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(in reference)

Declaration by Mr Gaston E. Thorn, President of the
Commission of the European Communities

The London Western Economic Summit shows the determination of the countries present to bear their responsibilities in a difficult world economic situation. This situation has affected them seriously, but it has had a still graver effect on the developing countries and, especially, the poorest among them.

The undertakings signed here are intended, first of all, to broaden and consolidate an economic recovery whose continuation has been hampered by more uncertainties than were perceived even some months ago. This is true whether it is a question of future developments in interest rates, rates of exchange or international debts. Secondly, their aim is to preserve security and peace in the world.

The Community's performance, as far as inflation, employment and growth are concerned, remains less favourable than that of its big industrial partners. Despite the difficult situation, its major role in world trade must dictate its attachment to freedom of trade. And its special responsibilities in regard to the Third World impose upon it a duty to help, to which the present renewal of the Lomé Convention testifies.

The Community, therefore, can only congratulate itself on the cohesion which the participants in the London Summit have demonstrated. This is shown both in the commitments they have undertaken in respect of themselves and on the crucial problems of the indebtedness of less advanced countries and aid for the development of those who are the poorest.

The confirmation of the objectives fixed at Versailles and Williamsburg in the international economic and monetary field, the resistance to protectionist pressure and the dismantling of obstacles to trade, the consultations in GATT on a future new round of multilateral trade negotiations, lastly the strengthening of co-operation in the fundamental area of protection of the environment - all these things coincide with the objectives which the Community had set itself. These, however, only find their true dimension at the level of co-operation between the principal industrial countries of the western world where the London Summit has placed them.

Déclaration de M. Gaston E. THORN
Président de la Commission des Communautés européennes

Londres 9 juin 1984 - Embargo 17.30

Le Sommet Economique Occidental de Londres témoigne de la volonté des pays représentés ici d'assumer leurs responsabilités dans une situation économique mondiale difficile qui les touche durement, mais affecte beaucoup plus gravement encore les pays en développement et en particulier les plus pauvres d'entre eux.

Les engagements souscrits visent d'une part à amplifier et à consolider une reprise économique dont la poursuite est hypothéquée par plus d'incertitudes qu'on ne le pensait il y a quelques mois encore, qu'il s'agisse des perspectives en matière de taux d'intérêt, de taux de change^{ou} d'endettement international, d'autre part à préserver la sécurité et la paix dans le monde.

Les performances de la Communauté en matière d'inflation, d'emploi et de croissance, restent plus modestes que celles des ses grands partenaires industrialisés; en dépit de cette situation difficile, son rôle majeur dans le commerce mondial commande son attachement à la libéralisation des échanges comme ses responsabilités particulières à l'égard du tiers monde lui dictent un devoir de solidarité dont le renouvellement en cours de la Convention de Lomé porte témoignage.

La Communauté ne peut donc que se féliciter de la cohésion dont les participants du Sommet de Londres ont fait la preuve tant dans les engagements qu'ils ont pris vis-a-vis d'eux-mêmes que sur les problèmes cruciaux de l'endettement des pays moins avancés et de l'aide au développement des plus pauvres.

La confirmation des objectifs fixés à Versailles et Williamsburg dans le domaine économique et monétaire international, la résistance aux pressions protectionnistes et le demantèlement des entraves aux échanges, les consultations au sein du GATT sur un éventuel nouveau round de négociations multilatérales enfin, le renforcement de la coopération dans le domaine fondamental de l'environnement coïncident avec les objectifs que la Communauté s'était fixés à elle-même, mais qui ne trouvent leur véritable dimension qu'au niveau de cette coopération entre les principaux pays industrialisés du monde occidental où vient de les situer le Sommet Economique de Londres.

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(see 240000)

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Initial remarks by President Gaston Thorn,
President of the Commission of the European
Communities, Devon Foyer, June 9 1984, 18.15 hrs.

We all came to the Summit with one central preoccupation: how to guarantee a lasting recovery. We need this for ourselves in Europe, for the developed economies as a whole and for the third world.

We have not found magic solutions. But we have cleared the air. We now see more clearly. For us Europeans interest rates and budget deficits are vital aspects. But we are not alone in this. The debtor countries groaning under an ever increasing debt burden need to be able to plan the servicing of this debt with reasonable certainty and at reasonable rates. For our part we in Europe need to be able to advance our own recovery without looking over our shoulders at over-high US prime rates and without our capital being drained off by the pull of US financial markets. The US saddled with an over-valued currency and an uncomfortable budget deficit also sees despite a remarkable growth performance, the need for progressive adaptation in its own interest as well as in ours and in that of third world countries in trouble.

One way of helping in the recovery we all need is through a further impact on the trade front. We all agreed to continue to reject the protectionist option. We agreed to get on with the roll-back of existing obstacles to trade. And we agreed to lobby all our trade partners in favour of a major new round of negotiations for the further liberalisation of trade in goods and services. We cannot fix a date yet to get started. We have to get everyone on board on the objectives and timing but my guess is that by the time we meet again in Germany next year we shall have got the GATT moving in the right direction: more trade; freer trade; which means greater prosperity - and above all more jobs in the European Community.
