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NORTH-SOUTH ISSUES : THE CANCUN SUMMIT  
AND OTHER 1981 NEGOTIATIONS

Background Briefing No. 13

The troublesome question of North-South negotiations has been the focus for much attention and speculation in the recent past. Much of this was the direct result of the meeting between representatives of the developed (North) and the developing (South) nations held in Cancun, Mexico, on October 22nd and 23rd.

This Briefing, prepared by the Research Staff of the SAIIA, deals with :

1. The Cancun Summit: Build-up, the Meeting and Prospects; and
2. Tabulates major 1981 Economic Meetings held up to early July.

1. A. CANCUN : BUILD-UP

At Cancun certain proposals of the so-called Brandt Report\* were discussed. This Report was the result of the work of the Independent Commission on International Development Issues.

The Commission was called in 1978, at the initiative of Robert McNamara (then President of the World Bank) to identify the key causes for the growing inequalities between the rich and the poor countries, and to propose possible solutions to the problem. It met under the Chairmanship of Willy Brandt, former Chancellor of the Federal Republic of Germany, and drew on the talents of a group of eminent persons including distinguished politicians from the North and the South. (For a summary of various issues raised in The Report see Background Briefing, No. 9, 1981, "The Heath Memorandum").

\* The Brandt Report was published in March 1980 under the title "North-South : A Programme for Survival", London, Pan Books, 1980.

In essence, the Commission's proposals divided into two categories: a general list of problems requiring attention for the 1980s and 1990s, and an Emergency Programme for the period 1980-1985. In pursuit of this latter goal, the Commission called for a Summit of World Leaders which would tackle the urgent problems of the most poor. While it was not intended that the Summit should replace existing agencies, it was hoped that it might alter the climate of international opinion on these issues and thereby enhance the prospects for a global agreement. The Cancun gathering was the proposed Summit.

In an earlier preparatory meeting for the Summit, 22 Foreign Ministers failed in their efforts to establish an agenda for Cancun. Two general reasons suggest themselves for this failure: no agreement on a satisfactory limit to the number of agenda issues and the irksome insistence - on the part of the U.S. - not to have any possible Cancun agreements declared binding.

This failure came on top of fairly acrimonious divisions between the industrialised countries at the July Ottawa Summit of the seven major Democracies. In Ottawa, U.S. President Reagan's monetarist approach to economic issues came under some attack and, on the North-South question, West Germany and France were prone to be more reconciliatory. (Indeed, it was suggested that Washington was aware of a fairly comprehensive North-South front which was opposed to the direction of its economic policies).

Reagan's approach to the North-South issue was clearly stated at the joint-meeting of the IMF and World Bank in September. He argued that the U.S. was concerned with the economic plight of the Third World, but emphasised that the U.S. preferred bilateral to multilateral assistance programmes which were more easily managed. He went on to stress that "unless a nation puts its own financial and economic house in order, no amount of aid will produce progress. It is wrong to believe that huge payments of aid will, somehow, miraculously produce well being."

This explicit statement in favour of the market place conflicted fundamentally with the neo-Keynesian position which characterised the Brandt Report.

B. CANCUN : THE SUMMIT\*

The Cancun meeting discussed a range of issues on the future of international cooperation for development and the reactivation of the world economy; it particularly stressed areas such as food security and agricultural development, commodities, trade and industrialisation, energy, monetary and financial issues.

At working meetings it quickly emerged that the developing nations preferred 'Global Negotiations' under the aegis of the United Nations, whereas the United States wished to limit the scope and discuss issues under Specialised Agencies such as the World Bank. (The numerical superiority of the Third World in the U.N. would clearly favour their approach, whereas in the World Bank the U.S. holds sway.)

For their part, developing nations sought more liberal lending facilities from international financial institutions, whilst Washington saw the finance problem as resting with the developing nations - chiefly the need to create favourable domestic climates which would encourage foreign investment.

In a fairly major concession, Washington acceded to the need for 'Global Negotiations', pledging itself to both bilateral and regional discussions in this regard. Reagan insisted, however, that donor countries retain control over their own aid programmes thereby firmly rejecting the idea of an international agency which, it was hoped, could take over the direction of such programmes from donor countries. He nonetheless agreed that recipient countries should play a role in the direction of this development and even offered U.S. agricultural experts to assist in the developing world which was warmly received.

Though these concessions were made, it is clear that the Reagan view prevailed at Cancun. Three reasons probably account for this. First, the realisation that the U.S., notwithstanding all other considerations, is still the hegemonic economic power. Secondly, that, contrary to expectations, Reagan was flexible on some issues. Thirdly, because, with the notable exception of France's Francois Mitterrand, other industrialised countries did not cross Reagan.

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\* The following countries attended the Summit: Ivory Coast, Bangladesh, Algeria, West Germany, Canada, Mexico, Saudi Arabia, Austria, Brazil, China, Phillipines, Yugoslavia, Tanzania, Great Britain, Japan, Guyuana, United States, France, India, Nigeria, Sweden, Venezuela. (The Soviet Union decided not to attend and Cuba was excluded at the request of the White House.)

C. CANCUN : PROSPECTS

Quite clearly the monetarist position emerged as the dominant one at Cancun. (In this regard, Reagan is buttressed by the fact that World Bank President A.W. Clausen and IMF Managing-Director Jacques de Larosiere are sympathetic to Reagan-type 'supply-side' economics.)

Whilst the meeting started on a pessimistic note, it should be judged as a way-station in the chequered history of North-South negotiations. While Washington won in terms of its economic prescriptions, Third World countries left Cancun with some particular demurrings.

The immediate test of the future of North-South will probably hinge on the success, or otherwise, of supply-side economics and, in this regard, whether Reagan can get the U.S. economy going again. Conference host, Mexican President, José Lopez Portillo, spoke of "a spirit of solidarity and harmony" after Cancun. The test of this spirit will come, not from future conferences of the kind, but out of the factories and farms of the United States.

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7 MAJOR ECONOMIC MEETINGS, January - July 1981

Sometimes, due to inadequate reporting in the popular media, the North-South dialogue is seen as an insubstantial, even transitory, phenomenon in international relations.

This list of Major Economic Meetings, January to July 1981, is presented in an effort to demonstrate that, contrary to this belief, there is substance to the dialogue and that this substance manifests itself on a wide-ranging number of economic issues. (A further tabulation, to the year's end, will appear in a Background Briefing early in 1982.)

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MAIN ISSUES DISCUSSED

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UN General Assembly  
35th Session, New  
York, 11 May 1981.

Met to authorise reconvening of the Law  
of the Sea Conference (UNCLOS) from 3-29  
August.

Sierra Leone delegate wondered  
if it would be worthwhile to  
resume UNCLOS while waiting  
for one delegation (the United  
States) to resume serious  
negotiations.

Committee of the  
Whole (Informal  
meeting), New York,  
6-7 May 1981.

Meeting convened by General Assembly  
President von Wechmar to consider  
progress on proposed Global Negotiations  
on international economic cooperation  
for development. Group of 77 spokesmen  
asked von Wechmar to continue  
consultations for launching of Global  
Negotiations. US representative said  
question under review by Reagan  
administration and the US wanted issue  
of Global Negotiations put off until  
next regular General Assembly in  
September. Asked that von Wechmar call  
a formal meeting of the General Assembly  
soon so that it could defer Global  
Negotiations.

It is 'deeply worrying that  
certain countries still refuse  
to admit the urgent need for  
Global Negotiations to which  
there is no alternative'.  
Venezuelan Foreign Minister to  
the Group of 77 Senior  
Officials' meeting.

UN Conference on  
Jute and Jute  
Products (IJO),  
Second Part, Geneva,  
11-22 May 1981.

Fifty countries represented. Took  
compromise draft text presented at end  
of first part of Conference as basis for  
negotiations on an International Jute  
Agreement. Agreed on main functions of  
proposed IJO and sources of finance for  
its activities. But disagreement on  
location of IJO; the US wanted it in  
Rome, the producers in Dacca.  
Disagreement between producers and  
consumers concerning role of IJO in

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	financing implementation of projects, e.g. to cut production costs. Consumers argued such financing would amount to foreign aid and beyond scope of proposed agreement. India and Bangladesh unable to agree on proportion of votes each should have in planned decision-making council. Agreed there to be no provision for price stabilisation but that proposed IJO will be able to consider issue. Adjourned for further consultations.	
International Sugar Organisation (ISO), London, 21 May 1981.	Executive Committee revised global export quotas downwards by 5% effective from 27 May. Arranged timetable and negotiating procedures for renewal of International Sugar Agreement (ISA) which expires end 1982. EEC (not a signatory of ISA) strongly criticised by other sugar producing countries for its exporting policies.	
International Sugar Organisation (ISO), London, 23 June 1981.	Executive Committee postponed until meeting on 9 July decision on whether to raise 1981 export quotas in order to review market situation.	
International Sugar Organisation (ISO), London, 9 July 1981.	Executive Committee decided to redistribute about a third of shortfalls. Decision about raising export quotas left until September.	
World Food Council, Seventh Ministerial	Forty-one Ministers of Agriculture, thirty-two members of the Council, and	'National Food security is the basis for world food security'

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Session, Novi Sad,  
Yugoslavia, 25-29  
May 1981.

several observer countries met to examine global food problems, new proposals to eliminate hunger, and to correct increasing imbalances in world food production and trade. Unable to condemn use of food as a political weapon. Deplored fact that aims to eradicate hunger not possible before year 2000; fifteen years later than 1974 target. Emphasised need for developing countries to establish national food strategies backed by international support if necessary. Welcomed creation of IMF food financing facility, designed to give assistance to countries suffering unavoidable increases in grain importing costs. Agreed that liberalisation of trade in agricultural food products could make contribution to food production. Called for rapid conclusion of talks on new Wheat Convention with special provision for developing countries and for formation of a food security net. Called for attainment of US \$1 billion target for the World Food Programme, for replenishment of International Emergency Food Reserve and for developed countries to meet target of 0,7% of GNP for development aid as soon as possible.

International  
Natural Rubber  
Council (INRO),  
Second Session,

Welcomed accession of Turkey and Nigeria. Decided to extend ratification date for Agreement to 31 December 1981. Agreed membership and terms of reference

Abdellatif Ghissassi,  
Morocco.

'There is still much work for us to do in establishing a world food security net.' More important was the existence of a political will to study and then solve the problems in a serious way: 'To solve problems of hunger and malnutrition, this is the essential spirit required, Kong Can Dong, China.

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Kuala Lumpur, 25-29  
May 1981.

for special committees, covering buffer-stock operations, statistics and administration. Agreed that Committee of Consuming Countries should be created.

UNCTAD Committee on  
Shipping, Third  
Special Session,  
Geneva, 27 May - 5  
June 1981.

Seventy-five-member Committee considered question of open registry fleets or flags of convenience (FOCs) and whether to endorse UNCTAD Secretariat proposals to phase out FOCs by insisting on a genuine economic link between ship-owners and the countries in which their vessels are registered. Developing countries argued that the existence of FOCs helps to prevent the growth of their own fleets and want FOCs phased out. Backed by Communist countries. Majority vote (49:18) in favour of gradual ending of FOCs and of a 'genuine link' between vessels and flag states. Liberia voted with industrial countries against recommendations. Panama took no part in vote insisting that such a change could only be taken by consensus. Cyprus, which also operates FOCs, voted with developing countries. France, Belgium, Turkey abstained. A meeting next year will draft a set of principles governing the basis on which ships should be accepted on national registers covering, for example, operations, ownership and accountability of owners and operators of FOCs.

Developed countries changed their attitudes towards FOCs 'when it became apparent that the ultimate effect of restraining open registry operations might well be the expansion of the fleets of developing countries,' Mr W.D. Sousa, Sri Lanka.



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International Cocoa Organisation (ICCO), London, 1-2 June 1981.

Council met to take stock of situation regarding ratifications or notifications of provisional application of the new International Cocoa Agreement (ICCA) after 31 May deadline. Ivory Coast told Council it will not join proposed ICCA and that it wished to withdraw its US \$50 million contribution from the US \$223 million buffer-stock fund of the old agreements. Meeting decided to extend date for ratifying and acceding to ICCA to end-September and to recommend to UN that proposed conference of countries that have ratified or notified provisional application of agreement to decide whether to bring ICCA into force, should not take place before end-June to allow more time.

The new ICCA "blocked itself as a result of lack of realistic clauses," Mr Denis Bra Kanon, Ivory Coast Agriculture Minister.

UN Cocoa Consumers/Producers Meeting, Geneva, 29-30 June 1981.

Thirty-two countries, accounting for 72% of production and 61% of consumption, prepared to support new ICCA, met to discuss whether and how the Agreement can be put into effect without the Ivory Coast (the largest producer with 25% of exports) and the USA (the largest consumer) joining. Agreed in principle that ICCA should come into force provisionally on 1 August. EEC (second largest consumer accounting for 45% of consumption) postponed deciding whether to apply the Agreement until further attempts made to persuade Ivory Coast to sign the ICCA.

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UN Tin Conference,  
Fourth Part, Geneva,  
9-26 June 1981.

Delegates from some fifty countries present. Negotiations continued on basis of chairman's compromise draft proposals. Discussed size and financing of buffer stock, use of export quotas, the price range to be maintained and selling of non-commercial stock-piles. All representatives, apart from US and Bolivia, approved resolution establishing the text of sixth International Tin Agreement (ITA) which is provisionally to come into effect 1 July 1982, when countries representing 65 % of total production and 65 % of total consumption have acceded to it and which is based on chairman's compromise package. Proposed ITA provides for 30 000 tonnes buffer stock financed by government contributions plus 20 000 tonnes financed by borrowing. Financing of buffer stock for first time to be shared equally between producers and consumers. Provisions for export controls to be triggered at levels of 35 000 tonnes by distributed 2/3 majority, and 40 000 tonnes by simple majority. Bolivia (approx. 15 per cent of production) concerned at lack of clause to stop US selling tin from strategic stockpile. US (26% of consumption) principally objected to buffer stock financing arrangements. Agreement open for signature in New York from 3 August

'This is a test case of cooperation between consumers and producers of commodities, between North and South. If this, the world's first commodity agreement, breaks down, I believe it could herald the end of all commodity agreements.' Prof. Subroto, Indonesia's Minister for Mines and Energy.

The US Government still had 'deep and abiding concerns' about several aspects of the Agreement, mainly because the final text 'does not adequately provide for the central role of the buffer stock and its assured financing.' US Negotiator, Michael B. Smith.

The text would do 'irreparable damage to the extractive tin industry' and erode producer country earnings, as well as cause 'serious harm' to industry in consumer countries. Agustin Saadvedra Weise, Bolivian delegate.

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International Coffee Organisation (ICO), London, 15 June 1981.	1981. To come into effect definitively would require accession of countries accounting for 80% of production and consumption, respectively.  Emergency meeting of Executive Board following third export quota cut, to consider whether to take further measures to prevent price falls. Discussed possible fourth reduction in quotas. As compromise decided against immediate supply cut and to delay the July-September quarter issue of stamps accompanying exports until 30 June meeting instead. Brazil favoured automatic quota cut if prices remained low. However, US, backed by Colombia, UK, Democratic Republic of Germany and others, against immediate further reduction in supplies.	'We are ... faced with the paradoxical situation of having an Agreement which all members recognise as fully operative and an efficient weapon to limit the supply to the market through the quota system, of having great need for stability of prices and goodwill on all sides to achieve this and, yet, at the same time having a sharp fall in prices. I can only conclude that the problem is related to questions of confidence concerning the continuity of the mechanisms of the Agreement and not to doubt about their efficiency.' Executive Director of the ICO, Alexandre F. Beltrão.
International Coffee Organisation (ICO), London, 30 June-2 July 1981.	Executive Board discussed further export quota cuts to end September and agreed to make fourth cut of further 1.4 million bags. Decided that cut will be restored if ICO twenty-day price average above US 115 cents a pound. Began preliminary discussion on 1981-2 quotas due to be decided in September.	

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International Wheat Council, Ninety-third & Ninety-fourth Sessions, Madrid, Spain, 29 June-2 July 1981.

Representatives of 31 member countries present. Discussed proposals for new Wheat Trade Convention. Most delegates in favour of draft proposals submitted last March which established need for nationally held, internationally co-ordinated wheat stocks as basis for negotiating new agreement, to aim for market stability and food security especially safeguarding developing country interests. US opposition to internationally coordinated programmes, however, deadlocked talks. Informal consultations to continue. Meanwhile Council urged countries to speed up action to increase food security by developing national reserve stock policies and other activities, and called for developing countries to be given assistance to enhance their capacity to hold reserve stocks. To meet again in November.

International Tin Council, Twenty-third Session, London, 14-16 July 1981.

Reviewed market situation, floor and ceiling prices under fifth International Tin Agreement. Soviet Union, US and Japan blocked increase in price range of 4.5% which was proposed by Indonesia. Proposal backed by all exporters except Malaysia, which considered increase too small.

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IMF and the World Bank, Inter-governmental Group of Twenty-four on International Monetary Affairs, Twenty-second meeting, Libreville, Gabon, 20 May 1981.

Ministers discussed world economic situation and its impact on developing countries. Noted that increased deficits of non-oil developing countries result of declining terms of trade. Stressed structural nature of problems facing world economy and attacked protectionist policies of industrialised countries. Called again for increase in developing country IMF quota shares, for members to have greater access to IMF money and for an increase in fixed quotas such as to raise the ratio of fixed quotas to world imports from its all-time low of 4%. Called for substantial increase of SDR allocation of at least SDR 12 billion per annum in fourth basic period beginning 1 January 1982, and again for link between development finance and SDR allocation. Expressed appreciation of new IMF facility to assist countries seriously affected by high cereal import costs but disappointed at its size and coverage. Also disappointed at decision to use Trust Fund as main resource for recently established subsidiary account. Urged change in present 1:1 World Bank gearing ratio and increased programme of World Bank/IDA lending. Urged World Bank and other organisations to explore ways of raising capital for development and energy in developing countries. Concerned at stagnation of Official

'Ministers stressed that the significant factors behind the deterioration in the position of developing countries were largely exogenous and thus not amenable to traditional short-term adjustment processes, in which the burden of adjustment is borne by the deficit countries alone ... They stressed that the appropriate response to the economic malaise being experienced globally must include equitable sharing in the burden of adjustment among developed and developing countries.' Communique of the Group of 24.

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Interim Committee of  
the Board of  
Governors of IMF,  
Sixteenth Meeting,  
Libreville, Gabon,  
21 May 1981.

Development Assistance (ODA) and  
emphasised urgent need to expand  
concessional aid to poorer countries.  
Expressed appreciation of Saudi Arabian  
loan to IMF.

Only three out of ten finance ministers  
from leading industrialised countries  
present. Developing countries blocked  
appointment of Sir Geoffrey Howe (UK)  
(the candidate of five leading  
industrialised countries including US)  
as chairman of committee in protest at  
UK's hardline policies and Canadian  
Finance Minister MacEachen appointed.  
Reaffirmed fight against inflation top  
priority. Concerned at size of  
developing countries' deficits and  
emphasised need for more aid and  
concessional loans to developing  
countries, especially poorest ones.  
Noted steps being taken to enlarge  
access to IMF's resources. Welcomed  
Saudi loan to IMF and arrangement  
reached with thirteen industrialised  
countries. Noted Executive Board had  
begun work on eighth General Review of  
Quotas and 'recalled the understanding'  
that this review would form the occasion  
to revise quotas in accordance with  
development in positions of individual  
countries in world economy. Welcomed  
food financing facility for cereal  
imports and establishment of subsidy  
account. Considered question of SDR

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Fifteenth Meeting of the Development Committee of the IMF and the World Bank, Libreville, Gabon, 22 May 1981.

allocations for next basic period but no agreement or consensus reached on this or on SDR-link proposal. Developing countries disappointed at failure of industrial countries to agree to new allocation of SDRs and to increase international credit and aid and expressed concern at US and UK attitude to a proposed softening of IMF and World Bank loan conditions.

Concerned at poor medium-term prospects facing developing countries and at their increasing debt service burden. Discussed need for additional resources provided by multilateral development organisations to assist developing countries in their development efforts and to help them restore 'acceptable' levels of growth. Urged World Bank to examine scale of its activity appropriate to early 1980s and seek means of financing this activity. Concerned to prevent further disruption of International Development Agency (IDA) activities. Supported World Bank initiative to expand lending in energy sector and urged members to consider ways of mobilising extra funds. Considered ways of increasing non-concessional resources. Discussed situation in sub-Saharan Africa. Welcomed fact that World Bank formulating an active programme for area.

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Textiles Committee Meeting, Geneva 7-8 May 1981.

Principally exchanged views on future of the Multi-Fibre Arrangement (MFA). About twenty-five delegates made policy statements. Agreed that, if renewed, MFA should be substantially changed but disagreed fundamentally on the nature of changes. Most developed countries, especially the EEC, wanted more restrictive agreement especially for more developed of textile exporting developing countries. Developing countries attacked the MFA for discriminating against their imports at a time when textile trade between advanced countries had grown. Also pointed out that restrictions on Third World textile imports would affect the ability of developing countries to buy Western capital goods and machinery. Agreed to meet again mid-July.

'What we are seeking to protect are our legitimate rights to trade. Over the past twenty years, through a series of textile arrangements, we have found it necessary to agree to a limitation on these rights; but such limitations cannot be viewed as automatic and permanent, nor can they go uncompensated.' W. Dorward, Director of Trade, Industry and Customs, Hong Kong.

Workshop of Developing Countries on International Trade in Textiles, Third Meeting, Hong-Kong, 22-26 June 1981.

Representatives of some twenty countries met to prepare a coordinated policy for the MFA negotiations beginning in July. China as observer. Considered current MFA as discriminatory and restrictive and against its perpetration. Discussed current MFA. Agreed to demand tighter definition of 'market disruption' concept. Considered what multilateral system should apply after expiry of current MFA. Discussed attitudes to bilateral arrangements.

The Hong Kong meeting 'has resulted in solid cooperation among us never before seen in the last twenty years.' Felipe Jaramillo, Colombia.

'World Trade in textiles and clothing must be liberalised in real terms by a gradual return to free trade in conformity with the normal GATT rules and practices.' Felipe Jaramillo, Colombia.



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Council of the Organisation for Economic Cooperation and Development (OECD) (Ministerial Meeting), Paris, 16-17 June 1981.

Foreign, Economic, Finance Ministers discussed economic outlook for OECD countries. Emphasised need to fight inflation and unemployment but disagreed over which to receive priority and what policies to use. Renewed commitment against protectionism. Agreed that Third World, badly hit by economic crisis, would need help but differences emerged over scope of action that industrialised countries should take. Some countries, notably France, called for a new initiative to deal with the problems facing developing countries and for increased aid, capital and investment flows to developing countries. The US, UK, Federal Republic of Germany and Japan thought order should first be restored to industrialised economies. US called for policy of 'trade not aid' vis-à-vis the Third World. Disagreed, too, on whether priority should be given to restarting the North-South dialogue in the form of the UN Global Round. Turkey and France called for Global Negotiations to be started speedily. US non-committal about Global Negotiations. Discussed food and energy needs of developing countries.

'Ministers emphasised the continuing fundamental commitment of their governments to cooperate with the developing countries in their mutual interests to achieve better economic growth and sustained improvements in the welfare of their people.'  
Communiqué.

EEC/India, Luxembourg, 23 June 1981.

India's Minister of State for Commerce and representative of EEC signed five

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year non-preferential commercial and economic cooperation agreement. Covers trade promotion and diversification, industrial, technological and scientific cooperation, and to include technology transfer, mutually beneficial investment promotion, joint R & D programmes, especially in energy and cooperation in Third World countries. Also EEC/India Business Council to be created. EEC to increase concessional transfers and help secure other funds for India's development programme. Competence of Joint Commission which existed under 1973 trade pact to be extended to cover wider trade areas such as supervision of the agreement, promotion of its objectives and use of EEC funds.

US, Canada/Caribbean Basin, Nassau, Bahamas, 11 July 1981.

Foreign Ministers of US, Canada, Mexico and Venezuela met. Unable to agree on an overall plan for aid to Caribbean Basin area but US plans for joint approach to development aid for region endorsed, apart from anti-Communist features. Agreed to direct aid, trade incentives and investments to Caribbean and Central American countries. But did not accept US idea of multilateral development fund. Decided to begin consultation with regional governments and other donor countries to determine the best approach for an action plan to facilitate trade, investment and

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development cooperation measures. To meet again before end of year.

Organisation of Petroleum Exporting Countries (OPEC), Sixtieth Meeting of the Conference, Geneva, 25-26 May 1981.

Asked long-term strategy Committee to review OPEC's long-term strategy and present a report to the Conference as soon as possible. Reviewed current oil market situation. Decided to keep market crude price at ceiling of US \$36/barrel, with a maximum OPEC oil price of US \$41/barrel until end of 1981. All members, except for Saudi Arabia, Iraq and Iran, announced a minimum production cut of 10% from 1 June 1981.

'Arab oil producers, with the larger share in the world oil market, should be particularly alarmed by the perpetuity of the supply surplus trend. Whereas the major industrial consuming countries have succeeded in coordinating their oil policies, trimming down consumption levels while coordinating their purchases of OPEC oil, production and price regulatory measures remain an open issue in the oil producing countries. The question therefore arises as to whether the producers are capable of coordinating their oil policies by regulating and planning their pricing and production levels in a manner which protects them against market fluctuations and prolongs the life-span of their reserves.' Editorial, 'Conservation of the Depletable Arab Oil Reserves,' OPEEC Monthly Bulletin.

OPEC (Finance Ministers meeting as

Discussed member-country contributions to OFID. Several countries such as

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the) Ministerial Council of the OPEC Fund for International Development (OFID), Quito, Ecuador, 20-22 June 1981.

Venezuela and Nigeria sought an 'equitable' formula for OFID contribution proportional to the economic capacity of each member country, but Saudi Arabia, Kuwait and others against idea. Called on industrial countries to give US \$650 million to International Fund for Agriculture Development (IFAD) and said OPEC would then give US \$450 million. Failed to reach decision on covering the US \$500 million shortfall in OFID brought about as a result of the inability of some countries, such as Iran, being able to meet their promised contribution because of economic difficulties. Decided to adopt voluntary system of contributions to OFID.

OPEC African Ministers' Meeting, Hassi Messaoud, Algeria, 22 June 1981.

Oil Ministers of Libya, Algeria, Nigeria and Gabon stated determination to maintain their crude oil prices at current levels even if further production cuts result. Rejected what they regarded as efforts by oil companies to reduce their prices.

African OPEC members 'unanimously decided to respect OPEC decision and to preserve the unity of that organisation.' Joint Communique, 24 June 1981.

International Energy Agency (IEA), Governing Board, Paris, 15 June 1981.

Energy Ministers discussed oil glut on world market. Agreed situation still 'fragile' because of uncertainty of supplies. Agreed to proceed with measures to avoid sharp price increases and economic damage in the case of short term oil supply disruption. Discussed

'Ministers recognised that developing countries have specific difficulties in meeting their energy requirements. They are convinced that the efforts of industrialised countries to

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urgent need to press ahead with structural change in energy use and increasing energy efficiency. Emphasised roles for coal and potentially crucial importance of expanding nuclear energy in diversifying away from oil. National energy pricing policies and need for economic pricing also discussed. Canada's energy subsidies to consumers criticised. Underlined longer-term importance of energy R & D for more secure energy supply.

reduce their impact on world oil markets are a major contribution to alleviating these difficulties. However, developing countries will also need help in developing their indigenous energy resources ...'. Communique, 15 June 1981.

Failure to adopt economic pricing for oil and other forms of energy would be 'wasteful and imprudent.' David Howell, UK Energy Secretary, 15 June 1981.

'We must not be deceived by this lull in the crisis,' John Leslie Carrick, Australia's Energy Minister and IEA Board Chairman.

'The Conference reaffirmed that economic cooperation among developing countries is not a substitute for global economic cooperation between developing and developed countries, nor should it in any way replace or relieve the industrialised countries from their responsibilities towards developing countries.' Final

Group of 77 (G77)  
High Level  
Conference on  
Economic  
Cooperation Among  
Developing Countries  
(ECDC), Caraballeda,  
Venezuela, 18-19 May  
1981.

Eighty-three countries represented, thirty-three at ministerial level. Adopted Programme of Economic Cooperation covering trade, technology, food and agriculture, energy, raw materials, finance and industrialisation. Programme calls for exporting developing countries to accord importing ones priority in supplies of energy, raw materials, food and equipment. Recommended cooperation

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between developing countries with spare arable land and those with technology, capital and expertise in food production. Recommended early implementation of Trade Information System being prepared by UNCTAD. Supported idea of Global System of Trade Preferences (GSTP) among developing countries and called for negotiations on GSTP to start soon. Called for more joint cooperation among developing countries in acquisition of technology from developed countries. Recommended measures to strengthen financial flows between developing countries and cooperation in development financing. Suggested strengthening developing countries producer associations. Stressed that less developed countries will need special attention to benefit from the ECDC Programme. Called for resolute action to ensure the implementation of programme in a practical, integrated and time-bound manner and agreed a timetable of follow-up meetings for 1981 and 1982 as well as mechanisms to coordinate, monitor and evaluate ECDC activities embraced by the programme. Action committees, groups of experts, etc, to identify and implement ECDC policies and activities. Inter-governmental Follow-up and Coordination Committee of senior officers to analyse progress and

Report of the High Level Conference on ECDC.

'By forging South-South co-operation among ourselves, we are better able to face the industrialised countries in global economic talks.' Mr Manuel Perez Guerrero, Venezuela, Chairman of the New York G77, 21 May 1981.

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agree broad measures to give more impetus to programmes and recommend policies to ministers. Biennial G77 Ministerial Meeting in New York to evaluate programmes and give guidance, every second year. New York G77 given responsibility for coordinating functions and disseminating information and documents, and to have support assistance team of six assistants for this purpose. G77 ECDC bank account to be set up in New York by G77 Chairman to receive voluntary contributions.

Gulf Foreign Ministers' Meeting, Abu Dhabi, United Arab Emirates, 23-25 May 1981.

Prepared for Gulf Cooperation Council (GCC) Summit. Discussed mainly political and defence issues. Finalised details on setting up a joint investment venture. Discussed cooperation in field of information, culture, agriculture, customs and industry.

Gulf Cooperation Council Heads of State and Government Summit (First), Abu Dhabi, 25-26 May 1981.

Heads of State/Government of Saudi Arabia, Qatar, Oman, United Arab Emirates, Kuwait and Bahrain signed instruments establishing the Gulf Cooperation Council. Finalised setting up of ministerial committees to determine cooperation in oil, economic planning, industrial development, finance, trade and social affairs. Called for economic cooperation to be boosted and announced plans for economic integration. Agreed on consultation to

'The strength of the Arab countries lies in their unity and their consistent cooperation in political, economic, cultural and other fields.' Kuwaiti Deputy Premier, Prince Salim Sabah, 26 May 1981.

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Meeting of Gulf  
Cooperation Council  
Ministers of Finance  
and Economy, Riyadh,  
Saudi Arabia, 8 June  
1981.

limit duplication of major projects, to reduce competition and to limit immigrant work forces. Appointed former Kuwaiti Ambassador to United Nations, Abdullah Bishara, as Secretary-General.

Concluded wide-ranging agreement on economic cooperation which included joint policies on oil and investment and which is designed to encourage private capital for investment projects and to abolish all customs and trade barriers among member countries as part of an economic integration plan.

Islamic Conference  
Foreign Ministers'  
Meetings, (Twelfth),  
Baghdad, Iraq, 1-4  
June 1981.

30 countries agreed to attend. Syria, Iran absent; Egypt and Afghanistan suspended. Economic Committee approved resolution on implementation of plan of action adopted at Third Islamic Conference Summit, and another urging industrialised world to help break North-South deadlock. Discussed situation of land-locked Islamic countries and need for Islamic Conference to participate in forthcoming Less Developed Countries Conference. Recommended approval of resolution on promotion of joint ventures among member states. Expressed satisfaction about proposed Saudi contribution of US \$1 billion for assistance to Islamic states. Discussed ways of promoting economic/commercial cooperation among Islamic countries and adopted resolutions to these ends.



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Mano River Union,  
Freetown, Sierra  
Leone, 29 May 1981.

Presidents/Heads of State of Sierra Leone, Liberia and Guinea sign agreements on free trade among themselves. Intra-Union trade arrangements introduced 1 May. Three members to abolish their import duties on goods of local origin and introduce a common external tariff for goods from non-member countries.

Economic Community  
of West African  
States (ECOWAS),  
Fourth Summit  
Conference of the  
Authority Heads of  
State and  
Government,  
Freetown, Sierra  
Leone, 28-29 May  
1981.

Sixteen countries represented by eleven Heads of State/Government and five ministerial representatives. Pledge to eliminate trade barriers between themselves by 1989. Adopted energy programme of short-term measures and long-term development programme and approved postal programme. Discussed energy cooperation and finance for telecommunications programme, monetary cooperation policies, and policies to increase food production. Declared entry into force of the Trade Liberalisation Programme on 28 May, which initially covers unprocessed and handicraft products.

'The struggle for economic emancipation and independence is today as urgent and as significant as the struggle for political independence'.  
President Shehu Shagari,  
Nigeria.

Organisation of  
African Unity (OAU),  
Council of  
Ministers,  
Thirty-seventh

Foreign Ministers discussed future implementation of the Lagos Plan of Action. Expressed concern over future of political and economic cooperation between the OAU and the Arab League and

'Now that the decolonisation process is coming to an end, the OAU is increasingly becoming more concerned with the economic issues in terms

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Meeting, Nairobi,  
Kenya, 15-22 June  
1981.

called for an Afro-Arab summit to  
develop course of joint action.

of technical co-operation.'  
Dr Isaac Chinebuah, Ghana's  
Minister for Foreign Affairs,  
22 June 1981.

OAU Heads of State  
and Government  
Summit,  
(Eighteenth),  
Nairobi, Kenya,  
23-28 June 1981.

Thirty-six Heads of State and Government  
present. SWAPO President there too.  
Adopted fifty-three resolutions and two  
declarations principally dealing with  
political issues. In a resolution,  
reaffirmed the need for economic  
cooperation and closer links in Africa  
in communications, agriculture, and  
cultural areas and in relations between  
specialised international and regional  
agencies. Authorised the  
Secretary-General to take necessary  
measures to set up an Inter-African Fund  
as recommended at last year's summit.  
Emphasised need for member states to  
implement Lagos Plan of Action,  
especially in sphere of science and  
culture, and to ratify the establishment  
of the Scientific Council of Africa.  
Made a declaration on UNCLOS. Endorsed  
Foreign Ministers' call for closer  
Arab-African cooperation.

'Within every year that  
passes, the developing  
countries have to fight harder  
for equitable returns from  
world trade, for the  
application of modern  
technology and for a just  
share out of rewards accruing  
from development of their own  
resources. How is Africa to  
fight more effectively for  
these things if we do not  
cooperate'. President Moi of  
Kenya, Chairman of the OAU, 25  
June 1981.

Trilateral  
Ministerial Meeting  
between Kenya, Sudan  
and Ethiopia,  
(Second), Addis

Foreign Ministers of three countries  
discussed political issues, issues  
concerning security, economic trade and  
scientific and technical cooperation, as  
well as border area joint development

Kenya, Sudan and Ethiopia  
decided 'to broaden and deepen  
relations between the three  
countries by further  
strengthening cooperation in