

FIN TIMES

11 JUNE 1987

UNCLASSIFIED/NONCLASSIFIED

SUMMIT LEADERS reaffirm policy commitments

15/24

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IN VENICE

THE 13th annual summit of leaders of the main western industrial countries ended in Venice yesterday with a general reaffirmation of a wide range of previous commitments on economic policies, trade and agriculture and only a limited prospect of new initiatives.

Although the achievements may not have matched the splendour of their surroundings, the participants were characteristically pleased with the outcome. President Francois Mitterrand of France was "personally satisfied," and Mr James Baker, the US Treasury Secretary, was content that the US had achieved what it wanted on all significant items. Sir Geoffrey Howe, Britain's Foreign Secretary, thought that "a beacon of hope" had been lit for the unemployed.

On the economic front both Mr Baker and President Mitterrand stressed that the summit's main importance had been in developing the move towards greater international economic co-operation launched at last year's Tokyo meeting.

The summit's final declaration on economic issues reaffirmed the commitment by the seven leading nations — the US, France, Britain, West Germany, Italy, Canada, and Japan — to the policy measures agreed in Paris in February. This commitment also has the backing of the European Community.

The declaration also added a more detailed framework for policy co-ordination through the use of economic performance indicators.

President Mitterrand called this "the success of the conference" and another step towards the target of reference zones for the major currencies which France had been seeking for several years.

More cautiously, Mr Baker said the economic indicators would provide "an early warning system" which would allow governments to consider whether changes in economic policies were needed to maintain the momentum of world growth.

However, West-Germany, which has been under constant pressure to boost its economic growth, insisted that the accord implied no new obligations. Mr Helmut Kohl, the West German Chancellor, stressed afterwards that domestic demand in his country was growing strongly and that his Government was living up to its international commitments.

Nevertheless, US officials drew attention to the section of the declaration committing governments to review policies if their economies were falter-

ing—which in their view applied particularly to West Germany.

Mr Baker acknowledged that the summit had taken no major new policy initiatives, but added that "major macro-economic policy undertakings by these countries every two or three weeks or months are simply unrealistic."

Asked about initial reaction by the currency markets to the summit agreement, he said that if they had been paying attention over the last three weeks they would not have been expecting brand new initiatives. "Maybe the reaction will be all right," he added.

The Third World debt problem emerged as a serious pre-occupation at the summit's final session yesterday morning. Concern was evident in the extremely rapid endorsement in the final declaration of the proposal by Mr Michael Camdessus, the managing director of the International Monetary Fund, for a "significant increase" in the structural adjustment facility—the IMF's special fund for poor countries.

In addition, the seven approved an extraordinary reference to the financial stability of the World Bank whose ability to lend is being constrained by a shrinking capital base. This will be seen as giving a new momentum to the World Bank's demand for a capital increase.

However, the summit came up with no new commitments for Third World debtors and was unable to reach an agreed approach on how to help the very poorest debtor countries which are in sub-Saharan Africa. French efforts to secure a commitment from the seven to fix their development aid at 0.7 per cent of national gross domestic product ran into resistance from the US.

On trade and agriculture, the summit stood firm on established international positions within the General Agreement on Tariffs and Trade and the Organisation for Economic Co-operation and Development.

Protectionism was roundly condemned and the new round of negotiations in the Gatt talks on trade liberalisation was urged to press ahead "with all due despatch."

A statement on AIDS from the summit president, acting Italian premier, Mr Amintore Fanfani, recognised that international co-operation was needed to combat the deadly disease. But it implicitly rejected American approaches based on mandatory testing.

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