

~~C O N F I D E N T I A L~~
NO FOREIGN DISSEM

[REDACTED]

CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

12 January 1981

MEMORANDUM

PROSPECTS FOR A NORTH-SOUTH SUMMIT ON
INTERNATIONAL ECONOMIC DEVELOPMENT AND
COOPERATION [REDACTED]

Mexican President Lopez Portillo has staked a great deal of personal prestige on the successful holding of a "mini-summit" in 1981 to discuss North-South economic issues. Deadlocked negotiations on related matters at the United Nations, however, have dimmed the prospects for a constructive mini-summit and may force the meeting to be delayed or abandoned altogether. Moreover, the mini-summit proposal and initial preparations threaten to further divide OECD countries and isolate the United States on North-South issues, even from its allies. [REDACTED]

The North-South mini-summit was a key recommendation of the Independent Commission on International Development Issues (the Brandt Commission) in December 1979. Lopez Portillo and Austrian Chancellor Kreisky further endorsed the idea in October 1980, and invited 11 foreign ministers to meet in Vienna in early November to lay the groundwork. In spring 1981, the representatives are scheduled to meet again to set the agenda, timing, and list of participants for the mini-summit. Disagreement among the probable participants on these three matters, however, contributes to uncertainty over whether the mini-summit will be held. [REDACTED]

* * * * *

[REDACTED]

POOR ORIGINAL

RELEASED December 99

~~C O N F I D E N T I A L~~

~~C O N F I D E N T I A L~~

The Brandt Commission Report

In September 1977, former West German Chancellor Willy Brandt announced that he was inaugurating an "Independent Commission on International Development Issues" to examine "the grave global issues arising from the economic and social disparities of the world community and to suggest ways of promoting adequate solutions to the problems involved in development and in attacking absolute poverty." The Commission was composed of 21 internationally known economists, politicians, and other experts who could present viewpoints independent of established international institutions. ■

The report of the Brandt Commission was presented in December 1979; its final recommendation stated:

We believe that an essential step. . . would be a summit meeting with leaders from both industrialized and developing nations. Such a summit should be limited to some 25 leaders who could ensure fair representation of major world groupings, to enable initiatives and concessions to be thrashed out with candor and boldness. ■

The limited-participation summit was intended to provide a new focus on global problems and give a new impetus for future negotiations. The report acknowledged that the summit discussions could not be binding upon those countries not attending, but it expressed the hope that such a meeting could enhance the prospects for future action on North-South issues. ■

The United Nations

The Brandt Commission report was received favorably by the world community, but momentum behind the limited summit concept was slow to develop. This was due chiefly to the primacy of ongoing debates in the United Nations on the global economic order. The General Assembly held its Eleventh Special Session in August 1980, with the express purpose of launching a comprehensive economic development and cooperation program called the Global Negotiations. The Global Negotiations were intended to generate an integrated framework for international economic relations for the 1980's, with special emphasis on the needs of developing countries. ■

The special session became deadlocked over procedures and agenda, however, and failed to reach a decision on a framework for the Global Negotiations. The United States, joined by

- 2 -

~~C O N F I D E N T I A L~~

~~C O N F I D E N T I A L~~

West Germany and the United Kingdom, opposed the text favored by the Group of 77 (the developing countries' UN caucus) because it could have reduced the autonomy of such UN specialized agencies as the World Bank and International Monetary Fund. [REDACTED]

The regular 35th Session of the General Assembly then took up the issue of the Global Negotiations when it convened in mid-September. The president of the General Assembly, Ruediger von Wechmar, took a special interest in the Global Negotiations and invited a select group of UN Ambassadors to meet frequently as "friends of the president" in an effort to hammer out differences and work toward an acceptable agenda and procedure. As discussions dragged on throughout the autumn session, four positions emerged:

- ° The non-oil-producing LDCs favored an agenda that would give the General Assembly broad authority to discuss the entire range of North-South issues in great detail. This implied that the General Assembly could oversee and direct specific programs of the autonomous, specialized agencies.
- ° Some OPEC countries favored an agenda that would submerge issues about which they felt defensive, such as energy, in a broad global context, leading to non-detailed discussion without reference to specific programs or institutions. The General Assembly would retain the central authority to guide the negotiations but not to make decisions.
- ° The United States advocated an agenda that would permit the General Assembly to discuss a more narrow range of North-South issues in a very general manner. The United States insisted that the General Assembly not interfere with the autonomy and integrity of the specialized agencies.
- ° The European Community proposed an agenda that would specifically itemize a broad range of issues but would delimit the authority of the General Assembly to take action on only those recommendations that could be reached through consensus. [REDACTED]

Von Wechmar had hoped that his "friends" would be able to formulate a compromise by the third week in November. The

~~C O N F I D E N T I A L~~

General Assembly could then approve the agenda and procedures for the Global Negotiations, which could begin deliberations in January 1981. Well before Von Wechmar's deadline, however, it became apparent that no agreement would be reached and that the momentum behind the Global Negotiations had dissipated.

The Kreisky-Lopez Portillo Initiative

In early October, during the general debate in the General Assembly, Austrian Foreign Minister Pahr recalled the Brandt Commission proposal for a North-South summit and suggested that such a device could rekindle interest in the deadlocked North-South debate. Such a summit had already been discussed during a state visit to Austria by Mexican President Lopez Portillo.

Although a North-South summit was not explicitly linked to the UN debates, the timing and circumstances of Pahr's speech indicated that the summit concept was becoming an integral part of the Global Negotiations process. The summit came to be viewed as a device to prime discussions on North-South issues by establishing an atmosphere of co-operation. The mini-summit furthermore would facilitate and sustain interest in the Global Negotiations.

Shortly after Pahr's speech, Kreisky invited 11 foreign ministers to meet in Vienna to discuss convening a North-South summit. Some basic ideas for such a summit had already emerged:

- ° It should be held outside of the formal United Nations framework.
- ° Attendance should be at the head of government or head of state level.
- ° Participation should be restricted to 20 to 25 countries, representative of various geographical regions and degrees of economic development.
- ° The summit should make no decisions, but instead focus attention and action on the most vital issues of North-South relations and lend impetus to the Global Negotiations process.
- ° The summit would be held in Mexico, at the invitation of President Lopez Portillo, sometime in 1981.

~~C O N F I D E N T I A L~~

~~C O N F I D E N T I A L~~

Attending the Vienna meeting in November were the foreign ministers, or their representatives, from Algeria, Austria, Canada, the Federal Republic of Germany, France, India, Mexico, Nigeria, Tanzania, Venezuela, and Yugoslavia. Although this group endorsed the mini-summit in principle, agreement could not be reached on the specific details of the agenda and timing. The 11 representatives, therefore, agreed to reconvene in March 1981, and attempt to draw up the invitation list, agenda, and timing for a mini-summit. Few of the prospective participants have subsequently expressed unequivocal commitment to the North-South summit; most have made the satisfactory resolution of the agenda and timing issues a precondition for their attendance. Failure to find a consensus on these issues would seriously jeopardize the proposed meeting. [REDACTED]

Participants

When the 11 foreign ministers reconvene, one of the first orders of business will be to make a final decision on the list of 20 to 25 leaders to be invited. Emphasis will be placed on selecting leaders who represent the various viewpoints of developed countries, OPEC, and non-oil LDCs. There already appears to be a preliminary list of 23 countries.

- Big Five: US, UK, France, West Germany, Japan.
- Other developed countries: Austria, Canada, Sweden.
- Asia: Bangladesh, India, Philippines, Saudi Arabia.
- Africa: Algeria, Ivory Coast, Nigeria, Tanzania.
- Latin America: Brazil, Guyana, Mexico, Venezuela.
- Communist: Yugoslavia, USSR, China. [REDACTED]

The USSR and China were added as an afterthought, in recognition of their importance in the world community. The assumption was that both would decline to attend on ideological grounds, but the USSR now has indicated that it will reluctantly accept a mini-summit invitation. Should the Soviet premier accept an invitation to attend the summit, his Chinese counterpart might also feel compelled to attend. Some organizers fear that the effect of both Communist countries attending would be to shift attention to Sino-Soviet differences and insert East-West issues into the North-South discussions. [REDACTED]

C O N F I D E N T I A L

[REDACTED] But
If these two additional OECD countries were invited, reciprocity would require that two more LDCs be included. Not only would this risk upsetting the balance between geographical regions and between OPEC and non-oil-producing LDCs, the addition of four more participants would also increase the size of the summit to 27, which the mini-summit cosponsors consider too large to be effective. [REDACTED]

Agenda

As in the discussions in New York over the Global Negotiations, there is no agreement on how specific the mini-summit agenda should be. As host, Lopez Portillo favors an unstructured meeting which would not discuss specific issues or events but rather stimulate an atmosphere of good-will and cooperation among the key global leaders. Turning the summit into a type of "rap" session has two advantages. First, it may be unrealistic in any case to expect the heads of government or state to restrict their discussions to a given agenda. Second, and more important, an unstructured summit permits leaders to attend who might otherwise avoid the meeting if especially sensitive issues are explicitly listed on the agenda. Thus, Saudi Arabia and other OPEC states might refuse to attend if the issue of energy price and supply was mentioned specifically. Likewise, the OECD nations might shy away from the summit if the international monetary system was singled out for discussion. [REDACTED]

The concept of a general open-ended agenda, however, also carries a drawback. Many countries fear that unless discussion is focused on specific issues the summit will degenerate into recrimination and polemics. The United States has already voiced this fear and stated that it was not disposed to attend a general "gripe" session at which the United States and the other industrialized countries would be blamed for all of the real or imaginary ills of the Third World. In addition, should China and the USSR accept the invitation, an unstructured agenda would increase the chance of an East-West confrontation at what was designed to be a pragmatic exercise to ease the North-South impasse. [REDACTED]

Timing

The final matter that will have to be addressed is timing. The initial timetable discussed at Vienna in

- 6 -

C O N F I D E N T I A L

~~C O N F I D E N T I A L~~

November assumed that the first round of the lengthy Global Negotiations would begin in January 1981, and that the mini-summit would be held after that round. Therefore the "window" for the mini-summit ran from mid-March to September, when the 36th Session of the General Assembly convenes. [REDACTED]

There were other considerations, however, which narrowed this window considerably. First, the Third World ministers insisted that the summit should be held before the OECD Big Seven Summit scheduled for July in Ottawa. They hoped not only to upstage the Ottawa summit but also to make OECD coordination prior to the mini-summit more difficult. Second, France would not want a North-South summit until after its Presidential elections in April. Finally, the 11 ministers in Vienna were acutely aware that US participation in the mini-summit was essential if the meeting were to be successful. Realizing that a new American administration would be assuming power in January, they agreed that the mini-summit should be held at the last possible moment before the Ottawa summit to give the new American President the maximum amount of time to settle into office. The result was a target of the first two weeks in June, with the exact dates to be set at the March meeting of the organizing group. That target has since become increasingly unrealistic. [REDACTED]

Prospects for the Summit

For the summit to be held at all, the demands of the following key countries or groups must be met.

- ° The United States has stated that the President will not attend a mini-summit unless there is convincing evidence that the meeting will be constructive. At the least, this requires that the agenda be structured in a way to minimize polemics and maximize a mutual exchange of ideas and proposals that could later be embodied in concrete programs.
- ° Saudi Arabia would probably not participate if there were a real chance that specific recommendations would emerge or that energy price and supply were singled out for discussion. The other oil-producing nations (Algeria, Nigeria, and Venezuela) probably would take a similar position.
- ° Algeria and Yugoslavia insist that the North-South summit be directly linked to the Global Negotiations process of the United Nations; otherwise the mini-summit could fragment the

~~C O N F I D E N T I A L~~

Group of 77 and reduce the power of their majority at the UN. If the mini-summit came to be viewed as an alternative forum to the Global Negotiations, these key Third World countries probably would not attend. [REDACTED]

Ironically, because the mini-summit has become inexorably linked to the Global Negotiations, its future is even more uncertain than if it were being considered on its own merits. The 35th session of the UN General Assembly recently recessed for the winter holidays without acting on the Global Negotiations issue. It will reconvene in January, but the difficulties encountered to date make it improbable that a compromise can be found until March, or perhaps as late as May. This logically would push the mini-summit schedule back to well after the Ottawa summit. That would be unacceptable to the LDCs and might interfere with preparations for the 36th General Assembly session, which begins in September. [REDACTED]

Thus, the first real opportunity for the mini-summit would be in fall 1981, concurrent with the General Assembly, or in early 1982. By that time the Global Negotiations will probably either have developed a momentum of their own or will have collapsed altogether. In either case, the mini-summit would have lost its relevance. [REDACTED]

Lopez Portillo, however, has staked a good deal of personal and political prestige on successfully convening a North-South summit meeting. If the Global Negotiations appear hopelessly stalemated, he might attempt to once again disassociate the mini-summit from UN discussions and invite a number of countries to participate in a "getting-to-know-you" conference. Such a meeting could still be held around the original June date. Furthermore, the discussions could take place at the level of foreign ministers or personal representatives. That would reduce the imperative for a productive debate but increase the possibility of such a summit turning into a general donnybrook, resulting primarily in assigning guilt for the North-South deadlock. [REDACTED]

To Attend or Not to Attend?

If Lopez Portillo decides to convene a North-South meeting, whatever the level of representation, each invited participant will have to decide whether or not to attend. Three factors will influence attendance: the state of relations with Mexico, the need to maintain unity among nations with similar interests, and the perception of the general direction of the North-South dialogue. [REDACTED]

~~C O N F I D E N T I A L~~

CONFIDENTIAL

Because Lopez Portillo has placed so much personal prestige on the success of a mini-summit, a decision not to attend the meeting could create serious problems for that country's bilateral relations with Mexico. The other Latin American countries, especially Brazil and Venezuela, which are known to be indifferent to the idea of a summit, probably would accept rather than risk offending the president of an important Latin American country. India, too, would not want to risk endangering relations with Mexico, from which it recently has begun importing oil. [REDACTED]

The potential impact on bilateral relations with Mexico is especially problematic for the United States. Because US participation in such a summit is deemed essential for its success, non-participation could affect the whole range of issues which make up US-Mexican relations--from energy to immigrants. Yet, if Washington were to accept an invitation to a conference which turned into a "gripe-session" aimed against it, the United States still would be cast as the villain, a result that could also seriously damage the US image. [REDACTED]

A second factor that will shape the response to a summit invitation is the individual country's relations with the members of its own bloc or group. Some nations in the Group of 77 probably fear that the industrialized states will use the mini-summit to "divide and conquer" the Third World. Some of the more radical members of the Group of 77 probably would oppose any meeting that would strain the group's already tenuous unity. OPEC countries also might perceive a danger to their unity in a limited participation summit. Only four OPEC states--Algeria, Nigeria, Saudi Arabia, and Venezuela--appear on the list of potential participants. Given OPEC's lack of cohesion, these four states will undoubtedly weigh participation in the summit against the likelihood of a jealous reaction from those OPEC members not invited. [REDACTED]

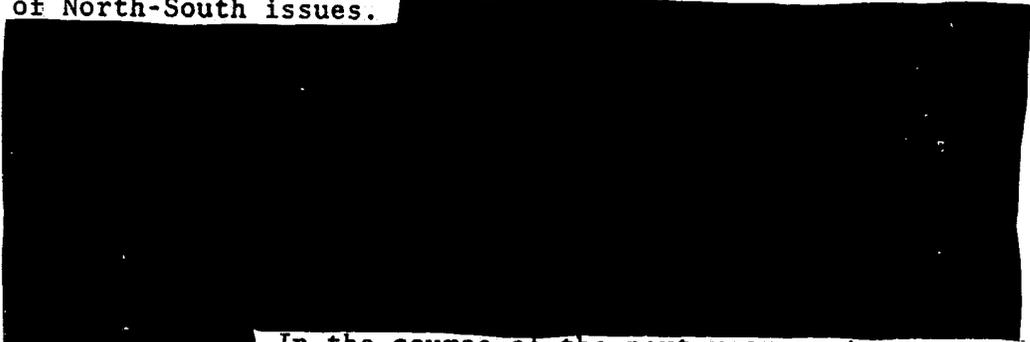
The industrialized countries, too, will have to consider the potential consequences of attendance on cooperation in the OECD. Chancellor Schmidt already has spoken enthusiastically about attending a North-South mini-summit. Prime Minister Trudeau also has expressed support for such a meeting. These two Western leaders apparently are sufficiently committed enough to the summit idea that they would attend regardless of US participation. This would place the British, French, and Japanese leaders in the uncomfortable position of having to choose sides. Should all Big Six OECD countries attend a summit, internal relations within the organization still could be strained. Some smaller OECD countries already have voiced concern that they are being phased out of OECD

~~C O N F I D E N T I A L~~

decision-making by the six most powerful members. Participation by the Big Six in yet another economic summit would only serve to heighten the anxiety of these smaller allies.



Finally, a country's standing in the overall North-South dialogue will greatly influence its decision whether to attend a mini-summit. In recent years, many of the industrialized countries that were initially cool to LDC demands have come to side with the Group of 77 on a number of North-South issues.



In the course of the next year or two, Washington will probably find itself increasingly isolated on certain aspects of North-South economic cooperation. Not only would such a development focus considerable pressure on the US in bilateral and multilateral forums, it would also further strain political and economic relations with neighboring states, alliance partners, and Third World countries.



- 10 -

~~C O N F I D E N T I A L~~