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WITHDRAWAL SHEET

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Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT
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DLB 11/13/2019

File Folder FO006-02 (018872) (2 OF 3)

FOIA

F16-011

Box Number

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59

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
243560	REPORT		2	7/21/1981	B1
243561	MEMO	LAWRENCE EAGLEBURGER TO THE SECRETARY, RE: YOUR BILATERAL WITH FRENCH FOREIGN MINISTER CHEYSSON AT CANCUN ON AUGUST 2 AT 12:30 P.M.	11	7/29/1981	B1
243562	MEMO	LAWRENCE EAGLEBURGER TO THE SECRETARY, RE: YOUR BREAKFAST MEETING WITH UK FOREIGN SECRETARY LORD CARRINGTON AT CANCUN, AUGUST 1 -- SCOPE PAPER	14	7/29/1981	B1
243563	REPORT		2	6/16/1981	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
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DEPARTMENT OF STATE
BRIEFING MEMORANDUM
S/S

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July 25, 1981

TO: The Secretary

FROM: AF - Chester A. Crocker *CAC*
IO - Elliott Abrams *EA*

SUBJECT: Your Meeting with Tanzanian Foreign Minister Salim A. Salim at Cancun - Scope Paper

SUMMARY

We recommend that you discuss Namibia and US-Tanzanian bilateral relations with Salim as a means of getting a measure of this highly intelligent African leader who has the OAU endorsement for the position of UN Secretary General. Some observers consider him an impressive, pragmatic statesman; others find him a "profoundly radical man."

I. OBJECTIVES

1. Obtain a personal impression of Salim as a candidate for UN Secretary General.
2. Inform Salim of the state of our Namibia initiative.
3. Reassure him of the importance we attach to US-Tanzanian relations.

II PARTICIPANTS

US

The Secretary

FOREIGN

Foreign Minister Salim

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IV. DISCUSSION OF OBJECTIVES

1. Obtain a personal impression of Salim as a candidate for UN Secretary General: Salim's endorsement by the OAU summit makes him the main challenger to Waldheim. While there are other potential candidates, mostly from Latin America, none has yet declared himself or has any kind of group support. OAS Secretary General Orfila is seeking Latin American support. Waldheim reportedly feels that he will have a chance for a third term only if there is a deadlock between Salim and another third world candidate, or if a permanent member of the Security Council vetoes Salim. The Soviets are probably concerned about Salim's activism and Chinese support for him, but they might withhold a veto in the face of widespread non-aligned support for Salim. Embassy Dar es Salaam finds Salim an articulate, honest, highly intelligent, pragmatic African nationalist with a balanced view on east-west issues (see Dar 4371, attached). As President of the UN General Assembly in 1979, Salim instituted procedural reforms which made the operation run faster and more smoothly. We were generally pleased with his performance but were concerned that he handled the scheduling of votes on the SC election in a manner which favored the Cuban candidacy. The UK Permrep at the UN believes Salim is a "profoundly radical man," and USUN has advised extreme caution on his candidacy. The one thing most observers agree on is that he would be an activist Secretary General. Salim's criticism of Soviet influence in the UN Secretariat (see Dar 4740, attached) is the best indication he is running hard.

TALKING POINTS (if Salim raises the SYG Election)

-- WE HAVE MADE NO DECISION TO OPPOSE OR TO SUPPORT ANY CANDIDATE; WE WILL DEFER ANY DECISION UNTIL THE CANDIDATES FOR THE POSITION ARE KNOWN.

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2. Review with Salim the state of our Namibia initiative: The Contact Group representatives in Dar used the agreed talking points when they transmitted to Salim July 23 the Ottawa communique on Namibia. As was the case when he met with Ambassador Kirkpatrick following our veto of South Africa sanctions earlier this year, Salim recognized the reality that the Contact Group approach offers the best chance for a solution. He was pleased that the Contact Group was again talking to the Front Line following a long period of silence. He said he was in full agreement with the procedures the Five were following, including our view that there was no point in our discussing substance with the Front Line states until we knew what the real South African position was and were in a position to make proposals. We may have more to say to Salim about how we will proceed by the time you meet with him, which will be just after the Paris Contact Group meeting. We believe that, in any case, you should seek to reassure him further about what we are doing, report on next steps, caution him about possible negative effects of a Special Session of the UN General Assembly in early September, and underline the importance we attach to parallel efforts on Angola.

TALKING POINTS

-- WE WERE PLEASED TO LEARN THAT YOU ARE IN AGREEMENT WITH THE PROCEDURE THAT THE CONTACT GROUP IS FOLLOWING.

-- THE CONTACT GROUP IS NOW WORKING ON SPECIFIC PROPOSALS TO PUT FORWARD AND ON POINTS TO DISCUSS FURTHER WITH SOUTH AFRICA.

-- WHILE WE CANNOT BE SPECIFIC RIGHT NOW, WE CAN SAY THAT WE REJECT ANY IDEA OF AN "INTERNAL SETTLEMENT," THAT WE HAVE NO INTENTION OF THROWING OUT SECURITY COUNCIL RESOLUTION 435, AND THAT WE RECOGNIZE THE IMPORTANCE OF A MILITARY COMPONENT FOR UNTAG.

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-- HOWEVER, THERE WILL HAVE TO BE SOME ADDITIONAL UNDERSTANDINGS. THERE IS, FOR EXAMPLE, THE QUESTION OF CONSTITUTIONAL PRINCIPLES AND GUARANTEES.

-- WE PLAN TO HAVE PROPOSALS TO DISCUSS WITH YOU BEFORE LONG.

-- IN THE MEANTIME, WE WOULD HOPE THAT THE AFRICAN GROUP AS A WHOLE WOULD NOT DO ANYTHING WHICH WILL MAKE OUR JOB MORE DIFFICULT. IN PARTICULAR, WE DO NOT BELIEVE THAT A SPECIAL SESSION OF THE UNGA, PROPOSED FOR SEPTEMBER 3-11, WILL BE HELPFUL. IF THE GROUP FEELS THE SESSION IS NECESSARY, WE WOULD HOPE THAT ACTIONS THERE WILL NOT BE INCONSISTENT WITH OUR WORK.

-- WHILE WE HAVE STATED PUBLICLY THAT PROGRESS IN GETTING CUBAN TROOPS OUT OF ANGOLA IS NOT A PRECONDITION FOR A NAMIBIA SETTLEMENT, WE BELIEVE THAT THERE SHOULD BE PARALLEL EFFORTS ON THAT FRONT--THEIR PRESENCE IS A PROBLEM WHICH MUST BE DEALT WITH AND WHICH IS RELATED TO THE NAMIBIA ISSUE.

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3. Reassure Salim of the importance we attach to US-Tanzanian bilateral relations. The Tanzanians have been concerned about press reports and contacts on the Hill which portray the new Administration as hostile toward Tanzania. In our official contacts we have stressed that the relationship with Tanzania is important to us, and that we look forward to continued cooperation. Part of Tanzania's concern has been due to the lack of a request for agreement for a new ambassador. A new man has been selected; it is merely the clearance process that is taking time. Another aspect of Tanzania's concern is based upon public and private criticism of Tanzania's economic development strategy that includes heavy state involvement in the economy much in contrast to our own emphasis on the private sector as the key impetus for development. On a number of key international issues such as Afghanistan and the Libyan threat we and the Tanzanians have similar views, although in some cases such as Libya, Tanzania has not spoken out in public as forcefully as we would like.

TALKING POINTS

-- WE ATTACH IMPORTANCE TO OUR RELATIONS WITH TANZANIA. AGREEMENT WILL BE REQUESTED FOR A NEW AMBASSADOR AS SOON AS OUR OWN BUREAUCRATIC PROCESS IS COMPLETED.

-- OUR GOVERNMENTS SHARE CONCERNS OVER SUCH MAJOR ISSUES AS THE SOVIET INVASION OF AFGHANISTAN AND THE LIBYAN THREAT TO ITS AFRICAN NEIGHBORS. WE LOOK FORWARD TO WORKING TOGETHER ON THESE SUBJECTS IN THE UN AND ELSEWHERE.

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TELEGRAM

PAGE 01 DAR ES 04740 231335Z
ACTION AF-10

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E.O. 12865: RDS-1 (7/23/80) (FISCHER, DAVID J.) OR-M
TAGS: PORG, TZ, US
SUBJ: PRIVATE MEETING WITH SALIM

REF: DAR 4731

1. ~~ENTIRE~~ - ENTIRE TEXT.

2. FOLLOWING MEETING TO DELIVER NAMIBIA COMMUNIQUE, TANZANIAN FOREIGN MINISTER SALIM ASKED ME TO STAY BEHIND AND DISMISSED NOTE TAKER. HE ASKED WHETHER THERE HAD BEEN ANY RESPONSE TO HIS INTEREST IN VISITING WASHINGTON. I SAID THAT UNFORTUNATELY THE SECRETARY WOULD BE UNABLE TO SEE HIM IN WASHINGTON BECAUSE OF AN EXTREMELY TIGHT SCHEDULE, NOTING THAT SADAT WAS SLATED TO ARRIVE FOLLOWING CANCUN MEETING. SALIM SAID HE UNDERSTOOD BUT HOPED THAT HE WOULD HAVE OPPORTUNITY TO MEET WITH SECRETARY SOMETIME DURING CANCUN MEETINGS.

3. SALIM THEN ASKED WHETHER THERE WERE ANY INDICATIONS OR REACTIONS REGARDING HIS CANDIDACY FOR UN SEC GEN POSITION. I REPLIED THERE HAD BEEN NONE, THAT IT WAS TOO EARLY TO EXPECT US POSITION, THE MORE SO SINCE NOT EVEN ALL THE CANDIDATES WERE KNOWN. SALIM THEN SAID THAT HE NEVER BELIEVED THAT "SERIOUS PROBLEMS" WOULD ARISE FROM THE US SIDE. HE WAS FAR MORE CONCERNED ABOUT THE SOVIET REACTION. IT MIGHT PROVE TRUE THAT THE US WOULD NOT SUPPORT HIM. BUT UNLIKE THE SOVIETS, HE ALSO BELIEVED THAT US WOULD MAINTAIN AN "OPEN MIND" WELL INTO THE GAME AND WOULD NOT ACTIVELY OPPOSE HIM EARLY ON.

4. WHEN I ASKED HIM WHY HE THOUGHT SOVIETS MIGHT OPPOSE HIM, HE SAID THAT THEY WERE AWARE OF HIS "VERY STRONG VIEW" THAT "SOMETHING SIMPLY HAS TO BE DONE SOON ABOUT THE PROBLEM OF THE INDEPENDENCE OF THE SECRETARIAT." "ASIDE FROM THE REAL QUESTION OF MASSIVE KGB PENETRATION," HE CONTINUED, "THERE WAS THE ISSUE OF DIRECT AND PERVERSIVE SOVIET CONTROL OF ITS CITIZENS IN THE ORGANIZATION." SALIM SAID HE HAD NEVER MADE ANY SECRET OF HIS CONCERN AND HAD BROACHED IT ON MORE THAN ONE OCCASION WITH SOVIETS IN NEW YORK. BUT IF THE PRICE OF BECOMING SECRETARY GENERAL WAS TO "HAVE TO KOW-TOW TO THE SOVIETS ON THIS ONE, IT ISN'T WORTH IT." SALIM CONCLUDED BY SAYING THAT THE SECRETARY-GENERAL COULDN'T ACT LIKE A BULL IN A CHINA SHOP VIS-A-VIS THE SUPER POWERS, BUT ON THE OTHER HAND HE HAD TO HAVE A CERTAIN AMOUNT OF INDEPENDENCE IN HIS DAILY ACTIVITIES.

5. COMMENT: IT WAS CLEAR THAT SALIM HAD BEGUN THE CAMPAIGN TO SEEK US SUPPORT. ALTHOUGH HE WAS CLEARLY TELLING US WHAT HE THINKS WE WOULD LIKE TO HEAR, THIS IS NOT THE FIRST TIME HE HAS COMPLAINED OF SOVIET ACTIVITIES IN NEW YORK. IT ALSO CONFIRMS OUR VIEW (REFTEL) THAT SALIM WOULD BE AN "ACTIVIST" BENT ON REVITALIZING THE SECRETARIAT. FISCHER

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243560	REPORT	2	7/21/1981	B1

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243561	MEMO LAWRENCE EAGLEBURGER TO THE SECRETARY, RE: YOUR BILATERAL WITH FRENCH FOREIGN MINISTER CHEYSSON AT CANCUN ON AUGUST 2 AT 12:30 P.M.	11	7/29/1981	B1

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DEPARTMENT OF STATE

BRIEFING PAPER

IMPLICATIONS OF THE PRESIDENT'S ECONOMIC RECOVERY PROGRAM
FOR DEVELOPING COUNTRIES

Aspects the President is Likely to Raise

The President may want to stress that a strong, growing, non-inflationary U.S. economy is the most significant contribution the U.S. can make towards economic development of the developing countries. On interest rates, he may point out that our policies are designed to lead to lower U.S. interest rates by reducing the inflation premiums that are currently embedded in them.

Background

For developing countries, the importance of the Economic Recovery Program derives from its premise that healthy economic development can only occur in an environment of strong, non-inflationary growth in the developed countries, above all in the United States. Economic policy in the individual developing countries is the principal determinant of their own economic progress. High levels of growth in developing countries in many cases are correlated with a progressive private sector. Official development assistance is a relatively minor element.

There are a number of important implications of the Economic Recovery Program for developing countries.

- Strong, non-inflationary growth in the United States will be associated with a substantial increase in the demand for developing countries' primary and manufactured exports.
- A healthy U.S. economy will defuse much of the current protectionist sentiment in the U.S. by providing employment and investment opportunities in expanding industries.
- Since budget restraint, evenly applied, is an essential feature of the Program, assistance to developing countries cannot be singled out for favored treatment. My Administration's budget request to the Congress is 16 per cent higher than the amount of funds appropriated last year.
- High interest rates do pose a particular, if temporary, problem for some developing country borrowers. As inflation moderates in the U.S., interest rates will also decline. We will continue to support the IMF's programs which can contribute to the alleviation of this problem.

July 27, 1981

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DEPARTMENT OF STATE
BRIEFING PAPER

TRADE

Aspects the President is Likely to Raise

The President will probably try to convince the other Summit participants that we see trade as a global issue and reaffirm the Ottawa Summit declaration's commitment to "maintaining liberal trade policies and to the effective operation of an open multilateral trading system as embodied in the General Agreement on Tariffs and Trade." GATT is the forum in which to make progress on trade issues. The tremendous increase in trade from developing countries in the past decade -- far exceeding the growth in industrial country exports -- is evidence that the international trading system is dynamic. Full and active participation in the GATT by as many countries as possible can continue to achieve results.

Background

Developing country demands in the trade area focus on market access, protectionism, structural adjustment, terms of trade, and special preferences. Their stated goal is the ultimate removal of all barriers to their exports by the industrial countries. In the area of structural adjustment they want the industrial countries to phase out production in noncompetitive sectors, transferring this production and jobs to the developing countries. In 1979, the U.S. market absorbed more than half of all imports of manufactures by OECD countries from the developing countries.

The U.S. recognizes that trade plays a vital role in development. For many developing countries, exports are the prime source of foreign exchange needed for investment and development and are vital to finance imports of food and other basic necessities. Both imports and exports provide the developing countries with opportunities to diversify their economies.

The U.S. is committed to maintain open markets and to strengthening the multilateral trading system as embodied in the GATT. We will continue to resist protectionist pressures. The U.S. will also facilitate economic adjustment in our economy through restoration of strong non-inflationary growth and by permitting market forces to operate. In our view, adjustment does not lend itself to international negotiation and planning. It is a result of market forces. Therefore we have resisted demands for deliberate redeployment of industries from developed to industrial countries.

July 27, 1981

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FINANCE

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Aspects Which the President is Likely to Raise

The President is likely to emphasize the benefits of the existing open international trade and financial system, the crucial role of the private sector and how development of the developing countries can best be assured by their maintaining sound national economic policies in a sound international economy. The United States recognizes that a strong U.S. economy is a basic prerequisite to a healthy international one and is determined to pursue domestic policies which will ensure this. The United States, within budgetary constraints, will continue to provide concessional assistance to needy countries.

Background

Foreign Assistance. The developing countries, joined by the most generous donor countries, want increases in aid from others, especially the U.S. Many countries (not the U.S.) support an aid target of 0.7 per cent of the GNP of each donor. The average for OECD countries is 0.35 per cent; the U.S. provides 0.2 per cent. The U.S. has, in the past, accepted general commitments to increase aid. U.S. aid in nominal terms will increase in coming years, but not enough to satisfy critics. We recognize aid is important, especially in the poorer countries, and we will focus our aid on critical developing constraints -- food production, energy and population. In the overall development process, however, trade, investment and capital flows play a much more significant role.

Non-Concessional Flows. World Bank lending, foreign investment and private capital flows (banks, bond markets) dwarf aid in dollar terms. The U.S. performance in this area is good. Our capital markets are more open than others and U.S. banks are heavily involved in loans to developing countries. The U.S. has also provided more than 20 per cent of the World Bank's capital. The Development Committee of the IMF/IBRD has a task force on non-concessional flows chaired by a Bank of Mexico official. This group, with its technical expertise, is the appropriate place to discuss non-concessional flows.

Debt. Developing countries have tried to make debt a resource transfer issue. We consider it strictly a financial management question. The external indebtedness of non-oil developing countries rose to \$370 billion in 1981 from \$97 billion in 1973. As a per cent of export earnings, it changed little in the same period -- from 89.3 per cent to 93.4 per cent. Developing country debt adjusted for inflation has not increased substantially. The IMF concludes there is no generalized debt crisis. Individual developing countries may have problems servicing their external debt. However, assuming sensible adjustment policies, sufficient external financing should be available for debt service and reasonable economic growth. Where rescheduling becomes necessary, it will be done in the framework of a multilateral creditor club.

July 27, 1981

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ENERGY RESOURCES

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Aspects the President is Likely to Raise

The President will want to (1) highlight the importance of increased energy investment in developing countries; (2) stress the crucial role we see for market pricing and the private sector in developing countries energy development; (3) make the case that scarce public sector funds can only complement private investment flows and that neither is a substitute for sound national energy policy measures; (4) stress the importance of developing new and renewable sources of energy and note that this is an area of particular emphasis in our bilateral assistance programs; (5) urge OPEC to do more to finance developing country energy investment; and (6) support cooperation between energy producers and consumers on an informal basis designed to increase understanding, rather than negotiations to achieve an agreement.

Background

Summit participants will raise energy issues at Cancun, and will expect President Reagan to express his views. Discussion will likely center on the problems confronting oil-importing developing countries, but may include the advisability of a producer-consumer dialogue on oil. LDC leaders are likely to urge OECD and OPEC to expand aid to LDC energy development, including the early establishment of a new World Bank energy affiliate.

At Ottawa, the Summit leaders called upon surplus oil-exporting countries to broaden their efforts to finance LDC energy development and agreed to cooperate with them for this purpose and to explore with them possible mechanisms to accomplish this. While a number of developed countries would support an energy affiliate, this approach has been all but ruled out in view of U.S. opposition. Thus, there may be discussion of other possible "mechanisms", e.g. liberalizing the IBRD's "gearing ratio" (relationship of capital to outstanding loans) to make more funds available for energy development, and accelerating the commitment of Bank resources beyond currently programmed levels.

Certain OECD members have also favored proposals for a global "energy forum", to exchange views on a wide variety of energy topics. Recently, however, interests in these ideas has cooled as the oil market softness has reduced the urgency in assuring adequate OPEC production levels. And, until OPEC resolves its own pricing disputes and adopts a Long Term Strategy, its members are unlikely to be in a position to discuss any broad issues with industrial countries. One exception to the producers' stance has been Summit host Lopez Portillo, who since 1979 has been advocating a "World Energy Plan" to "rationalize" the economic consequences of uncontrolled oil price increases, especially on LDCs.

July 27, 1981

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FOOD AND AGRICULTURE

Aspects the President is Likely to Raise

The President is likely to raise the continuing strong leadership role of the U.S. in addressing the elements of world food security: Agricultural development assistance to increase developing country food production, food aid, and grain reserve policies. The President will also wish to stress that food and agriculture policies and programs of the developing countries themselves are more important than external aid. If others, as is likely, raise the proposed new International Wheat Agreement based on internationally-coordinated grain reserves, the President should respond that the U.S. would consider other proposals based on market-oriented national reserve systems.

Background

The developing countries represented at Cancun will likely seek higher external assistance to meet emergency food needs and to accelerate domestic food production. The U.S. record is strong in each area of world food security (the assurance of adequate food supplies for the world's population):

Agricultural Development Assistance and Food Aid. The U.S. is the largest bilateral donor of agricultural development assistance, contributes significant amounts through the multilateral development banks, and is the largest food aid donor. We will continue this strong commitment. Moreover, the U.S. will mobilize the expertise and resources of its university community and private sector to maximize the effectiveness of its aid.

Increasing Developing Countries Food Production. The most important element of food security is increasing developing country food production. From 1971-80, developing country per capita food production increased only an average of 1 per cent per annum. U.S. assistance, bilateral and multilateral, is mostly directed towards agricultural institutions and training to develop and apply improved technology. The developing countries should also increase their investment in agriculture and provide price incentives and access to resources for farmers and a larger role for the private sector in food distribution and processing.

Grain Reserve Policies. At the most recent International Wheat Council meeting, the U.S. opposed the draft proposal for a new agreement based upon an internationally-coordinated system. However, we would consider other proposals based on market-oriented national reserves. We believe other exporters and industrial importers should establish such reserves without waiting for a new International Wheat Agreement proposal.

Other Related Matters. (1) The developing countries may condemn the use of food trade and aid as a foreign policy tool. (2) The U.S. has pledged 4.47 mmt to the Food Aid Convention and \$220 mm to the World Food Program. We look to OPEC to help attain overall food aid goals. (3) Because of domestic austerity programs, the U.S. was forced to decrease its share of International Fund for Agricultural Development (IFAD) replenishment from \$229-180mm. The U.S. Government insists that the OPEC share of the current first replenishment of IFAD be at least 43 per cent.

July 27, 1981

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BY *eth* NARA DATE 11/8/2019

HUMAN AND NATURAL RESOURCES

Aspects the President is Likely to Raise

The President may wish to address the issues of population, natural resource management and human resource development. He may reaffirm the deep concern, as expressed in the Ottawa Declaration, about the implications of population growth and, recognizing the efforts of many developing countries to address the problem, encourage greater emphasis on international efforts in this area. He could call for recognition of environmental and resource management issues as a necessary and important determinant of economic development in the 1980's. He may also reaffirm the Ottawa Declaration pledge for greater emphasis on international efforts to develop human resources, including technical and managerial capacities.

Background

Population

Historically unprecedented population growth in developing countries has profound implications for global peace and stability. There is a major linkage between population and prospects for economic development. AID and the UN have significantly more requests for help than they can handle on current budgets. Additional funds are also needed for research in development of safer and better methods of contraception.

Even allowing for continuing slowdown in the growth rate, world population is likely to increase from the current 4.5 billion to over 6 billion by the year 2000 -- a growth in only two decades which is almost as much as the entire world population as recently as 1930. Some 90 percent of this increase will occur in low-income countries; the proportion of industrialized countries' population in the world total is likely to decline from 33 percent in 1950 to only 20 percent by 2000.

While the world population situation is serious, it is not hopeless. Some thirty developing countries have brought birth rates down through concerted efforts in recent years. Further fertility reduction in most countries will, however, require considerably greater efforts in motivation and expansion of family planning services. Failure to intensify international and national programs, on an urgent basis, risks undercutting of development and security assistance.

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Natural Resource Management

Sustaining economic development in the 1980's will require nations to confront a series of natural resource management issues with global implications. These include particularly potential atmospheric and hydrospheric problems associated with acid rain, ozone depletion and carbon dioxide buildup; control of toxic chemicals; management of hazardous wastes, including nuclear; and marine oil pollution. The principal challenge is to control contamination in a manner that does not unduly retard economic growth and spreads the economic costs equitably among nations.

A second set of natural resource management issues involves: preventing the loss of food producing land, stemming the depletion of forest cover, maintaining biological diversity, and ensuring adequate supplies of useable water. The central challenge here is to ensure that short term economic development pursuits do not undercut the natural resource base on which economic growth depends over the long term.

Both industrial and developing countries have agreed in numerous fora that the economic development/natural resource management relationship deserves greater attention. The U.S. has been in the forefront of promoting the concept of "sustainable development."

At Cancun, we might well be accused by developing countries of lacking credibility since we remain the world's largest user of natural resources, and the largest generator of wastes. Our response should continue to be that we have learned from experience that there is a price to pay, and that resource degradation and environmental pollution exact heavy tolls on economic progress. Most important, the U.S. stands second to none in improving the efficiency of resource utilization, in controlling pollution, and in helping the developing countries address the environmental and natural resource constraints to sustainable development.

Human Resource Development

The U.S. should expect the LDCs to press for increased financial assistance, for technology transfer through increased training in the U.S. and closer linkages with key universities, and for greater assistance with the costs of local technical training -- particularly where the U.S. has significant economic interests.

Training in the U.S. is expected to continue at about the present level of 7,000 AID-funded trainees annually. 300,000 other foreign students are enrolled. Collaborative linkages between the U.S. university community and LDC counterparts will continue, especially in agriculture. The U.S. must be cautious in making commitments on behalf of the universities.

In response to any criticism over the decline in financial support for basic education and for university linkages with middle-income countries, we can point to the role of multilateral development banks as the main source of capital finance and to the reimbursable training programs and contracted university services. If an issue of brain drain (immigration to the U.S. of highly educated, professionally trained individuals) is raised, we can point out that the students sponsored by AID and by their own governments almost all return, over 95 percent.

DEPARTMENT OF STATE
BRIEFING PAPER
CARIBBEAN BASIN INITIATIVE

Aspects the President is Likely to Raise

The President may want to point to our Caribbean Basin initiative as a specific example of how regional cooperation can effectively deal with the problems of developing countries.

Background

Other countries may inquire about the status of the initiative. Some developing countries which are not in the Caribbean region may fear that our emphasis on the Caribbean will detract from U.S. assistance and attention to economic development needs in other areas.

In response to questions about this issue at the Cancun Summit, we should explain:

- The Caribbean Basin initiative is the type of effort which can make a real impact on development, in contrast to sterile debates.

- We are developing a comprehensive and mutually reinforcing program of trade, investment, and aid to foster balanced economic and social development in the Caribbean Basin. This initiative is not a detailed program but rather a process involving the U.S., other potential donors (both in Latin America and outside of the hemisphere) and potential recipients. Through this process we hope to increase the contributions of our own system and other donor countries to development of this region, as well as encourage reform and structural adjustments within the recipient countries.

- The foreign ministers of the U.S., Canada, Mexico and Venezuela on July 11 in Nassau agreed to work together and called on other nations to join in developing an action plan. The four powers have begun a process of consultation with Basin countries and with other donors and international financial institutions. The four powers agreed to meet again at the ministerial level before the end of the year to review the results of the consultations.

- The four countries who met at Nassau agreed on the urgency of addressing the economic and social problems of the Caribbean. However, that does not imply that other countries or regions do not also have urgent needs. The U.S. remains committed to fostering economic and social development as a general principle and not exclusively in any particular area.

July 27, 1981

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DEPARTMENT OF STATE
BRIEFING PAPER
INTERNATIONAL MONETARY AFFAIRS

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Aspects Others are Likely to Raise

The developing countries are continuing to press for negotiations in political forums to restructure the international monetary system. These efforts have focused on measures to expand official financing arrangements, including (1) the creation of new multilateral mechanisms to expand resource transfers to developing countries; (2) an easing of the conditions which the International Monetary Fund attaches to its temporary financing; (3) creation of international liquidity through substantial new SDR allocations; and (4) an increased LDC role in international monetary decisions linked to developmental criteria. They will undoubtedly press these demands at Cancun and seek specific commitments from industrial countries.

Background

Among other major industrial countries, Canada and France are particularly sympathetic to developing country demands. The Germans are also increasingly inclined to make some concessions to the developing countries particularly on SDR allocations.

The U.S. view is that private financial markets are managing the burden of recycling the OPEC surplus, and financing the associated deficit, fairly well. In certain individual cases, where large and persistent deficits are perceived to reflect incorrect domestic policies, there have been substantial pressures for adjustments of domestic monetary and fiscal policy to reduce the deficits. Such adjustment pressures -- for both developing countries and industrial countries -- are an indication that the international monetary system is functioning correctly, and giving appropriate signals to policy makers.

The IMF has an important role in the recycling process, in promoting effective policies by borrowers and in providing needed balance of payments financing while those policies take effect. The IMF has strengthened its ability to deal with potential balance of payments difficulties by expanding its resources (through a 50 percent quota increase, and arrangements to borrow from Saudi Arabia and other countries), and adapting its lending limits and criteria to current circumstance. However, the success of the IMF's efforts to maintain a stable monetary system depends on ensuring that the policy conditions associated with its financing require the economic adjustments needed in the borrowing countries. The U.S. therefore opposes efforts to weaken IMF conditionality and transform the IMF into a mechanism for resource transfer. Additionally, at a time when priority is being given to reducing inflation, we do not believe further liquidity creation through SDR allocation is necessary or desirable. Finally, we oppose efforts to shift the focal point for monetary decisions from the IMF to political bodies such as the United Nations. In this regard, we also are opposed to specific discussion of monetary issues at Cancun and will not be prepared to make any commitments in this area.

July 27, 1981

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DEPARTMENT OF STATE

BRIEFING PAPER

GLOBAL NEGOTIATIONS

Aspects Others are Likely to Raise

Led by an aggressive Algeria, a Cancun co-sponsor and one of the original proponents of Global Negotiations (GNs) in the U.N. General Assembly, the developing countries can be expected to make every effort to move GNs ahead at Cancun. This effort will probably receive the active support of most industrial countries. It is therefore highly unlikely that any action on our part at the Preparatory Meeting will keep GNs from being a major issue at the Summit. The Secretary should argue that Summit participants should not waste their time by discussing organizational issues, such as GNs, which are pending in other fora. To do so would detract from the unique opportunity to have a productive exchange of views on global economic issues.

Background.

The developing countries' proposal for GNs has attracted increasing sympathy from European countries which are more dependent than the U.S. on developing countries for raw materials and markets and which have domestic constituencies which express concern for these relationships. A recent statement by the European Council urged that "preparations for the new round of Global Negotiations should be completed as soon as possible" and emphasized "the crucial importance of a positive impetus to be given to this effect by the Summit Conferences in Ottawa and Cancun." The Canadian position at Cancun is foreshadowed by Trudeau's actions at Ottawa where he led a heavily supported effort to gain U.S. endorsement of GNs. The Japanese, like the Europeans, are also very dependent on developing countries and will at least want to be seen as supportive of GNs at Cancun.

The Ottawa declaration contains the following: "We reaffirm our willingness to explore all avenues of consultation and cooperation with developing countries in whatever forums may be appropriate. We are ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress." Within this context, the phrase "global negotiations" is used in its generic sense as evidenced by the lower case "g" and "n." Our joining in the declaration is not a commitment to GNs but rather a statement of our ongoing and general engagement in dialogue on global economic issues and our willingness to continue this dialogue in appropriate fora, in a process acceptable to all participants, but only when there is the prospect of meaningful progress. The phrase regarding appropriate fora indicates that the dialogue does not necessarily have to, and for us preferably would not, take place at the U.N. in New York.

The Ottawa declaration, therefore, does not represent a change in the U.S. position on GNs. We still believe, as we told the General Assembly on May 5, that the issue of GNs should be deferred at least until the regular session of the General Assembly late this year and after the Cancun Summit.

July 27, 1981

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COMMODITIES

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Aspects Others are Likely to Raise

Some developing countries can be expected to press for additional international commodity arrangements as well as other schemes to improve their terms of trade in today's depressed marketplace. As there are few market stabilization agreements in place, however, some countries may shift emphasis to expanding export earnings stabilization schemes, increased developing country processing of raw materials, or other measures such as market development and research.

Background

Seven developing countries at Cancun -- Bangladesh, Brazil, Guyana, India, Ivory Coast, Nigeria, and Tanzania -- are heavily dependent on the export of primary commodities. Most participants, regardless of level of development, are likely to view the consequences of low commodity prices as a serious problem facing the developing world. The U.S. should not raise commodity issues, as our position may be more effectively presented as a response to developing country calls for action.

The Integrated Program for Commodities (IPC), proposed by the developing countries and adopted by UNCTAD IV in 1976 at Nairobi, attempted to treat international commodity problems in a comprehensive way. At UNCTAD IV, the developed and developing countries agreed to discuss the buffer stocking and common fund portions of the IPC. Subsequent negotiations have narrowed the list of the 18 UNCTAD commodities, theoretically suitable for international market stabilization agreements, to tin, natural rubber, cocoa, sugar, coffee, and perhaps, copper. Most countries have rejected a price stabilizing agreement for copper, in part because it is too expensive; the U.S. has made it known that in its view market stabilization agreements for the remaining 12 commodities are not technically feasible.

The U.S. Government, along with the World Bank, the IMF, and private analysts, believe that as OECD growth recovers in 1982, commodity prices and developing countries export earnings in real terms will also revive. The U.S. is generally opposed to arrangements which interfere with the workings of the market. However, we are willing to consider proposals for international commodity market stabilization arrangements on a case-by-case basis. These arrangements must be economically efficient, market oriented, balanced between producer and consumer interests, and politically desirable. Such an approach can further our mutual interests with Cancun participants. Our preferred approach is to take steps to enhance a country's overall foreign exchange earnings rather than the price or earnings of any one commodity or group of commodities. To this end, we encourage and support liberal trading system, and free flow of investment, and non-inflationary growth in the industrial and developing countries.

July 27, 1979

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THE WHITE HOUSE
WASHINGTON

AH / Conditions

1. protect GATT, IMF
off limits
2. Cancun part upsets
will support a
agenda of Trade

- Speech

- CCEA -

10/5

Cancer Planning Session:

OR - outlined Porter ~~Pop~~

AH - need money on elements of program

3pts

① agree to 5 basic ~~plans~~ ② ~~space~~

GN: seize initiative

③ viable alternative
- cannot c

③ GN position

- oppose current agreement
- seek ~~to~~ ~~discuss~~
at UNCTAD w/ certain
agreements

JK • Campaigns on non aligned

• how do we minimize the cost at
cancer

THE WHITE HOUSE
WASHINGTON

JK "yes, if conditions..."

1. US won't go in standing alone...
 - need structure to protect interests of everyone
 - ~~- could never~~
2. no to agenda, "..." might say yes if we could shape agenda
3. develop procedures which would protect us...

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