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FOIA

F16-011

Box Number

BIERGANNIS

65

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
243576	MEMO	ALEXANDER HAIG TO THE PRESIDENT, RE: MEETING WITH CHINESE PREMIER ZHAO ZIYAND, DRAFT	4	ND	B1
243577	MEMO	ALEXANDER HAIG TO THE PRESIDENT, RE: MEETING WITH INDIAN PRIME MINISTER GANDHI AT CANCUN, DRAFT	3	ND	B1

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

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

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AUSTRIA

DRAFT

THE SECRETARY OF STATE
WASHINGTON

CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

FROM: Alexander M. Haig, Jr.

SUBJECT: Your Meeting with Austrian Chancellor Kreisky at Cancun.

I. THE SETTING

U.S.-Austrian relations are excellent. We support Austria's neutrality and her active contributions to the resolution of international problems. Her role as co-host of the Summit is an example of this activist policy as well as of Kreisky's personal involvement on the world scene. Kreisky has broad popularity at home, where his Socialist Party has held power for over a decade; and his interests as a socialist internationalist and Austria's goals as a neutral seeking to reduce international tensions have usually been mutually supportive. However, recent domestic challenges to the Socialists stemming from a slowdown in Austria's remarkable economic growth have been accompanied by strains over Kreisky's overtures to the PLO and his Party's critical attitude toward U.S. security policy. There are no serious bilateral issues between the U.S. and Austria.

Austrian interest in North-South relations is based on the recognition that global energy and development questions must be faced urgently for economic reasons, but it also derives from a desire to alleviate world political tensions. In this regard, the objective of resolving North-South issues is probably subsumed by Austrian interest in reducing East-West tensions and in shoring up detente. Kreisky has expressed disappointment at the absence of the Soviet Union from Cancun. He is concerned with bridging the gap between Western developed countries and the developing lands to eliminate potential for further East-West confrontation in the Third World. Kreisky sees such confrontation behind our Central American policy, for example, which has been widely misinterpreted in Austria.

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II. OBJECTIVES

1. Develop a personal relationship with Kreisky and emphasize the positive U.S. program for addressing the problems of developing countries.

2. Explain how we see the Summit arriving at a successful conclusion, including how we would handle the issue of Global Negotiations (GNs) in the UN General Assembly (UNGA) and a possible follow-on to the Summit.

3. Seek Kreisky's understanding and support for our foreign policy approaches to European security, Middle East, and Central America.

4. Take note of Foreign Minister Pahr's visit to Washington immediately following Cancun.

III. ISSUES

1. Develop a personal relationship with Kreisky and emphasize the positive U.S. program for addressing the problems of developing countries.

In accepting the invitation to attend the Summit, you corresponded with Kreisky, who as co-host was helpful in seeing that our conditions for attendance were met. Kreisky has also written you personally on two other subjects - maintaining the level of U.S. contributions to the International Institute for Applied Systems Analysis (you replied we would keep his views in mind), and increasing the U.S. quota for Eastern European refugees (you replied that an additional 2400 allocations were made through September, principally for Eastern European refugees in Vienna, and you indicated you would urge Congress to maintain a generous refugee policy). These exchanges provide an excellent setting for your first meeting with the Chancellor.

Since our strategy for the Summit emphasizes functional, regional, and bilateral contacts over multilateral political participation, we need to impress Kreisky with our sensitivity to the economic development problems of developing countries and to develop a useful relationship. The U.S. has a positive record of support, and - as outlined in your speech in mid-October - your Administration has a substantive program which integrates trade, investment, and international cooperation (especially in the areas of energy, food, and assistance for poor countries) and advocates an international effort toward a "new era of growth." Our objective is to

search for a genuine solution to the problem of development and to avoid the North vs. South polarization which too frequently has occurred in the past.

2. Explain how we see the Summit arriving at a successful conclusion, including how we would handle the issue of Global Negotiations (GNS) in the UN General Assembly (UNGA) and a possible follow-on to the Summit.

As co-host, Austria played a key role in the early stages of bringing participants together. For Chancellor Kreisky, the holding of the Summit is one achievement in itself, but he also wants to use it as a means of a) maintaining the North-South dialogue, and b) promoting a new world international economic order to facilitate the transfer to the Third World of massive resources over the next decade or two - and a global plan to improve the infrastructure of the developing countries. The Austrians have not come up with specific initiatives of their own, although they have confirmed they are ready to support an attempt to put population planning on the agenda. We ourselves are prepared to join an international expression of concern on the population issue at the Summit. Although the Austrians remain committed to an unstructured Summit, they will work for a "substantive" outcome, one which would advance global negotiations. Kreisky realizes that the world economic situation and the circumstances of the Summit would make final agreement infeasible at Cancun, and Austrian hopes therefore rest on a decision to continue the momentum of the Summit. We believe that the informal exchange of views in themselves will be extremely valuable and that the two co-chairmen will have ample opportunity to proclaim a large measure of agreement on broad principles (interdependence, open trade, importance of food and energy problems), despite the lack of specific arrangements.

3. Seek Kreisky's understanding and support for our foreign policy approaches to European security, Middle East, and Central America.

Chancellor Kreisky is influential internationally as an elder statesman and as Vice President of the Socialist International. His positions are sometimes helpful to us but often come into conflict with our own. Kreisky strongly urges a U.S.-Soviet dialogue, and he has been critical of our "policy of strength" and hard line toward the Soviets, although he holds few illusions about the USSR - he sharply criticized the Soviet Union on Afghanistan - and is a firm anti-communist. He has recently indicated publicly that the Soviets should make the first move toward arms control in Europe, and an explanation of our European security policy would be useful.

On the Middle East, Kreisky continues to promote actively a role for the Palestine Liberation Organization and European involvement in the Arab-Israeli dispute. Although he has been to some extent supportive of our Middle East peace efforts - he favors the Camp David process as far as it goes - he has actively championed Western recognition of the PLO and the need for Israeli-PLO negotiations. He condemned the Israeli raid in Iraq and has engaged in criticism of Prime Minister Begin.

Kreisky has questioned the Administration's policy on Latin America, particularly El Salvador. He will visit Managua following Cancun and has indicated readiness to listen to our views on the situation there.

4. Take note of Foreign Minister Pahr's visit to Washington immediately following Cancun.

I have invited Pahr to make an official visit, which will take place October 24-28. He will have a session with me and will call on the Vice President. The visit will give us a chance to review Cancun as well as to establish a good working relationship with Pahr.

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~~CONFIDENTIAL~~

AUSTRIA

Background

Austria's economic growth rate in the 1970's was one of the highest in the West, with a 52% increase in real output. Growth has recently tapered off, primarily as a consequence of reduced global economic activity. Austria is suffering from both substantial trade deficits and growing budget deficits, which, given Austria's commitment to full employment and the prospect for stagnant economic performance through 1981, are putting political pressure on the government. The trade deficit is due both to a slowdown in exports and to rising energy prices.

Austria's trade is mostly (80% in 1980) with European countries, and Austria depends little on trade with developing countries. Its bilateral development assistance is low (0.19% of GDP in 1979). However, its contributions to multilateral development assistance have increased rapidly. Vienna is interested in North-South issues, partly because of Chancellor Kreisky's commitment to improving the lot of developing countries and partly because of Austria's desire to reduce risks of conflicts in the developing world.

Austria imports 85% of its oil, 50% of its natural gas, and most of its coal. Much of this imported energy comes from Eastern Europe, and Austria is anxious both to diversify its sources and to increase its domestic energy output. We are talking with the Austrians about sales of American coal. Austria has a nuclear power plant, but this is not used because of a referendum against nuclear energy. To reverse the referendum, the government needs a solution to spent fuel disposal, and has discussed the subject with us without, of course, any commitment on our part.

Questions

-- HOW DOES AUSTRIA ENVISAGE SOLVING ITS SEVERE BALANCE OF TRADE PROBLEM ARISING FROM INCREASES IN IMPORTED ENERGY?

-- HOW DOES AUSTRIA VIEW PROSPECTS FOR INCREASING ITS EXPORTS? DOES AUSTRIA'S INTEREST IN RESOURCE TRANSFERS INCLUDE SPECIFIC IDEAS FOR INCREASING TWO-WAY TRADE WITH DEVELOPING COUNTRIES?

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BY dlr NARA DATE 11/12/2019

BANGLADESH

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THE SECRETARY OF STATE
WASHINGTON

~~DRAFT~~
~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT
FROM: Alexander M. Haig
SUBJECT: Meeting with Acting Bangladesh President
Abdus Sattar

I. THE SETTING

The late President Ziaur Rahman was a crucial figure in Bangladeshi hopes for economic development and democratic reforms. Inspired by his intense commitment to orderly yet constitutional development, Bangladesh has made measurable economic progress and has experienced five years of unprecedented political stability. The recent assassination of this energetic and popular President has been a profound shock to the nation and has presented a formidable challenge to the representative institutions which were evolving under his leadership. Acting President Abdus Sattar has pledged to continue the reforms begun by the late President and in accordance with the constitution has scheduled a Presidential election for November 15. Sattar has been nominated for the Presidency by Zia's political party and despite strong opposition is favored to win.

Our bilateral relations remain excellent. Bangladesh has been supportive of U.S. positions on issues such as Afghanistan and Kampuchea. The Bangladeshis share with us a deep concern over Soviet expansionism and we have common friends in China, Pakistan, and the Arab moderates. On North-South issues, Bangladesh has been a public supporter of the prevailing G-77 line while quietly backing efforts at compromise. In the recently concluded Paris conference on the least developed countries, Bangladesh was singularly effective as a conciliator of diverse viewpoints. Since Zia's death, we have sought opportunities to demonstrate support for continued civilian rule and for the interim government's attempts to maintain development momentum. Acting President Sattar is likely to seek further reassurances of our support for his government.

II. OBJECTIVES

1. To offer assurances of our support for the orderly and constitutional transfer of power presently underway.

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- 2 -

2. To demonstrate our continuing concern for the special needs of the least developed countries.

III. ISSUES

1. Support for the Interim Government

Since the May 30 assassination of President Ziaur Rahman, the interim civilian and military authorities have expressed gratitude for our public expressions of support for democracy and for continued economic development. Your condolence message which was seen as supporting the constitutional transition at a time of grave crisis was deeply appreciated. As further indication of our continued support to the orderly transition and to development, we have recently signed with deliberate fanfare an agricultural research agreement and a nuclear cooperation agreement. You should offer our continued encouragement for an orderly and constitutional transfer of power.

2. Aid Resources for Least Developed Countries

As a spokesman for the least developed countries, Bangladesh has been concerned with maximizing aid resources. Zia was courageous in balancing his pleas for Western assistance with similar calls for more OPEC and communist aid. You should assure Sattar of our continued concern for the special needs of the least developed countries and cite our continuing support for the multilateral institutions, and, in particular, our commitment to the IDA-6 replenishment. You should also encourage the Bangladeshis to continue their pragmatic approach towards private sector involvement in their development program.

Since our strategy for the Summit emphasizes functional, regional, and bilateral contacts over multi-lateral political participation, we need to impress Bangladesh with our sensitivity to the economic development problems of developing countries and to develop a useful relationship. The US has a positive record of support, and -- as outlined in your speech in mid-October -- your Administration has a substantive program which integrates trade, investment, and international cooperation (especially in the areas of energy, food, and assistance for poor countries) and advocates an international effort toward a "new era of growth." Our objective is to search for a genuine solution to the problem of development and to avoid the North vs. South polarization which too frequently has occurred in the past.

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BANGLADESH

Background

During the five years of the late President Ziaur Rahman's administration, Bangladesh has made measurable economic progress. Foodgrain production has grown by almost 20 percent, assisted by an increasing reliance on private sector distribution of agricultural inputs--chiefly water and fertilizer--and decreasing reliance on government controlled foodgrain distribution systems. Acting President Abdus Sattar has publicly pledged to continue these economic reforms. However, the Bangladesh Government has been confronted by severe budgetary problems brought on by declining foreign commodity assistance, continuing losses in public sector industries and depressed international demand for jute, which accounts for 70 percent of Bangladesh's exports. As a result, Bangladesh has been unable to comply with the terms of the IMF's Extended Fund facility agreement to provide \$1.6 billion in balance of payments assistance during 1981-84. The IMF suspended disbursements in early August. Bangladesh has subsequently made some progress in meeting the IMF guidelines. Negotiations with the IMF will resume in November following the Presidential election. Without the IMF inputs, Bangladesh will soon have less than three weeks of foreign exchange coverage.

Questions

- WHAT IS THE OUTLOOK FOR YOUR NEGOTIATIONS WITH THE IMF?
- HOW HAS THE PRIVATE SECTOR RESPONDED TO YOUR GOVERNMENT'S ATTEMPTS TO INVOLVE IT IN THE DEVELOPMENT PROCESS?
- IS THERE ANYTHING THE MULTILATERAL INSTITUTIONS OR OUR OVERSEAS PRIVATE INVESTMENT CORPORATION CAN DO TO ASSIST YOU IN ATTRACTING PRIVATE CAPITAL?

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CANADA

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CHINA

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CHINA

Background

Over the past two years China has instituted major economic reforms aimed at clearing away obstacles to economic growth. Under the rubric of "economic readjustment", Beijing is pushing for massive investment cutbacks to eliminate its budget deficit and put a damper on inflation. Remaining investment funds are being rechanneled away from heavy-industry and toward light industry and agriculture, where Beijing feels its comparative advantage is greatest. The top priority areas are bottleneck industries such as energy, transportation, and communication.

China is also attempting to make its economy more responsive to market signals. Decision-making authority, and responsibility for profits and losses -- once the exclusive domain of central government agencies -- are now being delegated to provincial -- and even municipal-level authorities. The 40 percent rise in China's 1980 exports was, at least in part, a direct result of the decentralization effort.

Questions

-- I UNDERSTAND THAT YOU HAVE BEEN GRADUALLY INSTITUTING A SERIES OF REFORMS TO ENABLE INDIVIDUALS AND ENTERPRISES TO TAKE ADVANTAGE OF THE MARKET MECHANISM. DO YOU SEE THESE REFORMS AS SUCCESSFUL SO FAR?

-- YOU ARE EXPECTING DOMESTIC OIL PRODUCTION TO LEVEL-OFF AND PERHAPS EVEN DECLINE OVER THE NEXT FEW YEARS. DO YOU ANTICIPATE A MAJOR IMPACT ON THE DOMESTIC ECONOMY OR ON YOUR BALANCE OF PAYMENTS? IF SO, HOW DO YOU ENVISION THAT THE INTERNATIONAL COMMUNITY CAN BE OF ASSISTANCE?

- 2 -

-- I UNDERSTAND THAT, TO DATE, YOU HAVE BEEN DISSATISFIED WITH THE LOW LEVEL OF FOREIGN INVESTMENT IN CHINA. WHAT CAN WE DO TO ASSIST YOU IN SETTING UP AN ENVIRONMENT WHERE FOREIGN INVESTORS WILL WILLINGLY PLACE THEIR FUNDS?

FRANCE

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FRANCE

Background

Reducing unemployment, currently running about 8 percent, is Mitterrand's primary economic objective. The far-reaching economic program he has adopted includes nationalizations, investment incentives to smaller businesses, employment training, price controls, and tax reforms to redistribute wealth. The nationalization program includes companies in which Honeywell and ITT have significant holdings, and some banks with U.S. stockholders. The French have promised prompt and adequate compensation. More generally, having recently devalued the franc against other European currencies, Mitterrand's program of general economic stimulus may produce further difficulties with increased pressure on prices of expanding budget deficit combined with a reduced level of investor confidence. Rather than reduce unemployment these factors may lead to an increase, accompanied by labor agitation. The importance of French trade with former French areas of Africa as well as with other LDCs is an essential element of Mitterrand's pressure to push for North-South dialogue. This initiative and high U.S. interest rates are essential elements affecting our bilateral relations.

Questions

-- WHAT IS THE PROPORTION OF FRENCH BILATERAL TO MULTILATERAL ASSISTANCE? TO WHAT EXTENT ARE CREDITS TIED TO PURCHASES OF FRENCH GOODS?

-- IS FRENCH CONCESSIONAL ASSISTANCE BEING APPLIED IN THE MOST EFFECTIVE AND BENEFICIAL WAY TO PRODUCE SELF-SUSTAINING GROWTH?

-- DOES FRANCE INTEND TO TAKE MEASURES WITHIN THE EC TO IMPROVE THE ACCESS OF LDC AGRICULTURAL PRODUCTS TO EUROPEAN MARKETS?

-- DOES FRANCE HAVE A POLICY OF UNRESTRICTED AND ADEQUATE ACCESS BY LDCS TO FRENCH CAPITAL MARKETS?

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BY dh NARA DATE 11/12/2013

FRG

DRAFT

THE SECRETARY OF STATE
WASHINGTON

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MEMORANDUM FOR: THE PRESIDENT
FROM: Alexander M. Haig, Jr.
SUBJECT: Your Meeting with Helmut Schmidt, FRG Federal
Chancellor, During the Cancun Economic
Summit, October 21-23, 1981

I. THE SETTING

Helmut Schmidt has been under increasing domestic political pressure stemming in large part from his support for the NATO TNF decision and the strong steps he took in cutting the FRG Federal Government budget, which reduced government spending for many social programs supported by his Party. In response to growing strife within his Party, Schmidt has again raised the threat of resignation. While this possibility cannot be excluded, we rate it as low unless the Party repudiates Schmidt on the TNF issue. Schmidt is fully committed to the implementation of the NATO TNF decision and to resisting protectionism as a remedy for growing unemployment. He continues to be concerned about high interest rates despite the recovery of the German Mark in the past few weeks. He sees his meeting with you as an opportunity to share his views on the world economy, East-West relations, in particular Brezhnev's visit to Bonn November 23-24, and on approaches to leaders of the developing countries at Cancun.

II. OBJECTIVES

1. To emphasize the positive U.S. program for addressing the problems of developing countries and explain how we see the Summit arriving at a successful conclusion.
2. To exchange views with Schmidt on the current state of the U.S.-FRG relationship.
3. To review progress on LRTNF negotiations and modernization.
4. To discuss approaches to East-West relations, including the Siberian gas pipeline.

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III. ISSUES

1. The Cancun Summit

At Cancun we want to emphasize the positive U.S. program for addressing the problems of developing countries and explain how we see the Summit arriving at a successful conclusion, including how we would handle the issue of Global Negotiations (GNs) in the UN General Assembly (UNGA) and a possible follow-on to the Summit.

Since our strategy for the Summit emphasizes functional, regional, and bilateral contacts over multilateral political participation, we need to impress Schmidt with our sensitivity to the economic development problems of developing countries. The U.S. has a positive record of support, and--as outlined in your speech in mid-October--the Administration has a substantive program which integrates trade, investment, and international cooperation (especially in the areas of energy, food, and assistance for poor countries) and advocates an international effort toward a "new era of growth". Our objective is to search for a genuine solution to the problem of development and to avoid the North vs. South polarization which too frequently has occurred in the past.

Schmidt believes that the Summit will not be successful unless there is a favorable decision renewing American participation in the preparation for Global Negotiations and in developing an energy affiliate of the World Bank. We believe that the informal exchange of views in themselves will be extremely valuable and that the two co-chairmen will have ample opportunity to proclaim a large measure of agreement on broad principles (interdependence, open trade, importance of food and energy problems), despite the lack of specific arrangements.

2. Management of the U.S.-FRG relationship.

Schmidt remains one of our strongest supporters within the Alliance. At the same time, he needs to be encouraged to support greater defense readiness, including host nation support and NATO infrastructure. - He also requires continued reassurance that we value him personally.

The success of U.S. foreign and security policies, not only in Europe but in other areas, is dependent on support by the Federal Republic. That support will generally be forthcoming if Schmidt and Foreign Minister Genscher are convinced that the U.S. will pursue a coherent and consistent foreign policy which takes account of European political realities and German interests.

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-3-

This Administration has from the outset engaged in extremely close, intimate consultations with the German government, centering on East-West relations, TNF negotiations, and the economic summit in Cancun. We must also work for more frequent and more meaningful U.S.-German contacts in a wide variety of areas, but particularly between representatives of the younger generation on both sides of the Atlantic.

3. LRTNF Negotiations and Modernization.

TNF deployment remains one of the most sensitive political issues in the FRG and Schmidt has threatened to resign rather than accept FRG abandonment of its commitment to support the NATO dual-track decision. Although Schmidt is convinced that TNF modernization is necessary, he strongly advocates negotiations with the Soviets and will be extremely interested in our preparations for TNF talks beginning November 30. He welcomes the constructive approach to East-West relations which you have taken, especially in your letter to President Brezhnev. The key point with Schmidt on TNF is to avoid giving any impression that we are not serious about TNF arms control negotiations or that we might make major moves with the Soviets without full prior consultations with our Allies.

4. East-West Relations

For Schmidt, and most Germans, a policy aimed at easing East-West tensions on the basis of a firm commitment to Western defense and European integration is an article of faith. In the eyes of most Germans, this policy, known as Ostpolitik, has yielded impressive results in both enhanced human contacts and reduced tensions since it was begun by the Brandt government in 1969. The Germans share our concerns over more aggressive and threatening Soviet behavior, particularly in the developing world (Angola-Namibia, Afghanistan, Kampuchea) where their cooperation has generally been quite good. Schmidt is personally committed, however, to the concept of continuing the East-West dialogue, in which he views his November 23-24 meetings in Bonn with Soviet President Brezhnev as a very important element. He will hope to receive from you an indication that you understand his approach and have confidence in his ability to stand firm with Brezhnev on key Western interests. He will also look to you for understanding of the fact that the FRG's unique position as part of a divided country places particular responsibilities on any German government.

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-4-

Schmidt shares the German national predilection toward what he considers "conceptual thinking," and he has consistently argued that the West must approach the Soviet Union on the basis of a unified and consistent strategy. His criticisms of the Carter Administration generally reflected his assessment that this consistent overall approach was lacking. He feels strongly that the West must offer the Soviets positive as well as negative inducements for more responsible behavior. In line with this view, he strongly supports the completion of the negotiations for the proposed Siberian gas pipeline. He rejects our fears that the pipeline could result in a dangerous degree of dependence on the Soviet Union and argues that a policy which seeks to break down the economic ties which have developed between the Soviet Union and Western Europe during the 1970's will result in less restraint on the part of the Soviets. If pressed hard on the pipeline, Schmidt will react defensively and may well raise the question of US grain sales to the USSR.

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FEDERAL REPUBLIC OF GERMANY

Background

West German sympathies for economic development arise from the importance developing countries play in providing Germany with raw materials and Germany's political goal, for domestic and foreign policy reasons, of projecting the proper image of Germany in assisting development. However, domestic economic difficulties have constrained the FRG's ability to provide ever-increasing aid. It is this economic stringency which causes Germans the most difficulty in pursuing their goals. They, for instance, find themselves basically in agreement with our Caribbean Basin Initiative but are unable to make contributions at this time.

The Germans believe that, in the absence of tangible progress in Cancun, it is all the more important for the West to reassure the developing countries of our interest and sensitivity to their problems.

The West German economy is heavily dependent on trade with developing countries, particularly strategic metals and oil. West Germany also exports almost 60 per cent of its total machinery exports to developing countries. In investment, the Federal Republic of Germany encourages businesses to seek new markets in developing countries and, unlike some other developed countries, does not believe foreign investment results in a reduction of jobs in the domestic economy.

Questions

-- HOW CAN WE MAINTAIN OPEN MARKETS FOR PRODUCTS OF DEVELOPING COUNTRIES IN THIS TIME OF ECONOMIC DIFFICULTY?

-- ARE THERE NEW MECHANISMS FOR ENCOURAGING AND MAKING MORE ACCESSIBLE TO THE DEVELOPING COUNTRIES DEVELOPED COUNTRIES' CAPITAL MARKETS?

-- WHAT ADDITIONALLY CAN BE DONE IN THE ENERGY SECTOR TO CONSERVE AND PRODUCE ENERGY IN DEVELOPING COUNTRIES, AS WELL AS IN OUR COUNTRIES?

-- WHAT OTHER POSSIBILITIES EXIST FOR PROVIDING CONCESSIONAL ASSISTANCE IN THE MOST EFFECTIVE AND BENEFICIAL WAY TO PRODUCE SELF-SUSTAINING GROWTH IN DEVELOPING COUNTRIES?

DECLASSIFIED

Authority State Waiver
BY dr NARADATE 11/12/2015

~~CONFIDENTIAL~~

GUYANA

THE SECRETARY OF STATE
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: Alexander M. Haig Jr.

SUBJECT: Your Meeting with Guyanese President
Burnham in Cancun, October

I. THE SETTING

The Government of Guyana, headed by President Linden Forbes Burnham, is socialist, anti-democratic, racist and controls 80 percent of the country's economy. Other than limiting Cuban/Soviet influence on the GOG, we have minimal interests in Guyana. Our relations with Burnham's government are correct, but not particularly cordial. The people of Guyana, however, remain favorably disposed towards the U.S., and immigration to our country remains a goal for many both Indo- and Afro-Guyanese.

Burnham and his Afro-Guyanese-based People's National Congress (PNC) have dominated Guyana's political life since independence in 1966. While preserving the vestiges of a parliamentary democracy, his regime has become increasingly authoritarian. The constitution of 1980, opposed by virtually every non-PNC organized group in Guyana but sanctioned by a referendum, accorded Burnham broad powers as executive president. Last December Burnham was elected to another five year term of office. An international team of observers termed the elections blatantly fraudulent.

The two most serious problems confronting the government of Guyana are the country's miserable economic situation and the border dispute with Venezuela, which claims five-eighths of its territory. High energy costs, low productivity, mismanagement and government interference all have contributed to the economy's poor performance. Production of the three key exports, bauxite, sugar and rice, is down.

Burnham's prime objectives in meeting with you will be to seek a positive personal relationship which he hopes will lead to continued U.S. economic assistance and a reversal of our position of neutrality in the territorial dispute.

~~CONFIDENTIAL~~

(GDS 10/13/87)

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BY dlr NARA DATE 11/12/2019

II. OBJECTIVES

Develop a personal relationship with Burnham, reassuring him of U.S. interest in the people of Guyana, and emphasize the positive US program for addressing the problems of developing countries.

Explain how we see the Summit arriving at a successful conclusion, including how we would handle the issue of Global Negotiations (GNS) in the UN General Assembly (UNGA) and a possible follow-on to the Summit.

(If raised) Reiterate our policy of strict neutrality in the territorial dispute.

III. ISSUES

1. Develop a personal relationship with Burnham, reassuring him of US interest in the people of Guyana, and emphasize the positive US program for addressing the problems of developing countries.

Since our strategy for the Summit emphasizes functional, regional, and bilateral contacts over multilateral political participation, we need to impress Burnham with our sensitivity to the economic development problems of developing countries and to develop a useful relationship. The U.S. has a positive record of support, and -- as outlined in your speech in mid-October -- your Administration has a substantive program which integrates trade, investment, and international cooperation (especially in the areas of energy, food, and assistance for poor countries) and advocates an international effort toward a "new era of growth." Our objective is to search for a genuine solution to the problem of development and to avoid the North vs. South polarization which too frequently has occurred in the past.

Burnham does not like our message that while Guyana is free to follow the economic policies of its choice, the U.S. should not be expected to support and help pay for those which do not make sense. He views our efforts to encourage Guyanese economic reforms as interference and our practice of using the funds in the AID pipeline before committing substantial new funds as a lack of approval. This in spite of the fact that the U.S. has provided approximately \$415 million in bilateral and multilateral assistance to Guyana since its independence. Burnham sees our willingness to sell F-16s to Venezuela as a tilt toward Venezuela in the territorial dispute.

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2. Explain how we see the Summit arriving at a successful conclusion, including how we would handle the issue of Global Negotiations (GNs) in the UN General Assembly (UNGA) and a possible follow-on to the Summit.

Burnham believes that the Summit will not be successful unless it leads to a resumption of global negotiations which he views as essential to dealing with the situation of the world's poor.

3. (If raised) Reiterate our policy of strict neutrality in the territorial dispute.

If Burnham raises this matter, our policy of neutrality should be reaffirmed, along with our hope that the parties will reach a peaceful and mutually acceptable solution.

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

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DRAFT

INDIA

Background

A poor nation of nearly 700 million people, India faces immense economic and developmental challenges in the 1980's. Petroleum imports consume two-thirds of its export earnings, and higher oil prices have contributed to a serious and deteriorating balance of payments situation. The government has launched a major program to exploit its petroleum reserves. This will require considerable outside financial and technical assistance. It has asked the IMF for a loan of \$5.68 billion as part of its macroeconomic adjustment process. India's agricultural production has risen remarkably over the past 15 years, but foodgrain self-sufficiency is still subject to the vagaries of weather. With help from the World Bank and Western donors, India is working to expand land under irrigation and to raise the living standards for millions of subsistence farmers and rural landless. Industrial production has been stymied by bottlenecks in the rail-road system, public sector inefficiency, shortfalls in key sectors such as coal, steel, fertilizer and cement. India needs to expand exports and to re-orient its industrial policies. It has recently begun to relax some of the overly restrictive controls on the private sector.

Questions

-- I REALIZE THAT OIL PRICE INCREASES HAVE CAUSED YOU SEVERE BALANCE OF PAYMENTS' PROBLEMS. IS THERE ANY WAY IN WHICH THE INTERNATIONAL COMMUNITY CAN HELP?

-- WHAT ROLE DO YOU SEE FOR FOREIGN PRIVATE BUSINESS IN ASSISTING INDIA'S DEVELOPMENT EFFORTS? WHAT CAN OUR GOVERNMENT DO TO ENCOURAGE THE PROCESS?

-- YOUR COUNTRY'S SUCCESS IN FOODGRAINS HAS BEEN REMARKABLE. ARE THERE ANY LESSONS THAT CAN BE INCORPORATED IN AN INTERNATIONAL CONTEXT?

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