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10/21/1981-10/23/1981 Cancun, Mexico)

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DEPARTMENT OF STATE

Washington, D.C. 20520

September 10, 1981

TO: Members of Cancun Cabinet

FROM: EB/SEN - Ed Lollis  
E - James Fox

SUBJ: Draft Discussion Paper on Strategy for Cancun

Attached is a draft paper on strategy for Cancun for discussion at the meeting on Thursday, September 10, 3:00 p.m. in the Office of Under Secretary Rashish.

The paper slightly recasts the options from the NSC staff draft discussed at last week's meeting and outlines possible approaches to other aspects of the Summit.

Attachment

REC'D. CA SEP 10 1981

## Proposed Strategy for Cancun

Our objectives for the Summit are:

- enunciate a basic US philosophy and affirmative US approach to the concerns of the developing countries;
- get agreement on such follow-up arrangements on economic development as are acceptable to us; and
- continue the spirit of the August preparatory meeting by avoiding confrontation.

This paper outlines a proposed strategy for achieving these objectives.

### Setting and Approach

There are clear limits on what can be achieved in a two-day meeting. The first day will be consumed by general statements by the 22 heads of state. The second day is expected to be largely devoted to more detailed discussion of the four topics (food, energy, trade and finance) enunciated in the "framework for discussions." In addition, a considerable amount of work will be accomplished in bilateral meetings.

For the President, there are two major tasks: elaboration of US themes and approaches; and agreement on follow-up consistent with US objectives. It has been agreed that the meeting is not to be a negotiating session, from which concrete decisions would flow. The follow-up is the only area where concrete decisions may occur at the meeting.

The general approach proposed is that President Reagan use the meeting primarily as an opportunity for "sympathetic listening." The President would make a low key intervention

emphasizing that he has come to share his philosophical perspectives on global economic issues and development, and to listen to the views of others. He would also describe the steps being taken by his Administration to restore the US economy to non-inflationary growth. He would emphasize a continued US commitment to international cooperation, sounding the main themes of US policy toward LDCs -- e.g., a liberal economic system with scope for private initiative, LDC responsibility for sound economic policies, and concessional aid to poorest countries. He would indicate his feeling that the meeting should not draw conclusions. Rather, he would emphasize the meeting as an historic first step of a new attempt at international cooperation for mutual benefit, keeping in mind the decision-making process in a variety of international fora and institutions over the future months and years.

Assuming the co-chairmen guide the discussion to the four areas in the "framework for discussions" agreed to August 1-2 (food, energy, trade, monetary and financial issues) the President would make statements outlining his view of the major problems in each area and indicate the willingness of the US to cooperate and seek solutions. In each case he would emphasize the importance of maintaining the role of existing international institutional framework (the FAO, IBRD, IMF and GATT). He might also suggest possibilities for initiatives that the US has under consideration.

If pressed on the issue of Global Negotiations (GNs), the President would respond that our position will be decided later based in part on the perceptions he would take away from the Cancun meeting. The President's personal skepticism of GNs could be expressed in bilateral contacts. If we have decided to pursue a post-Cancun process, another Summit country could propose such a follow-on at our instigation, and the President would give our support to it.

#### Public Pronouncements

A series of public statements and press briefings would precede the Cancun Summit and support our general approach. The Haig UNGA speech would outline our general philosophy regarding economic relations with developing countries. The speech by Secretary Regan at the IMF/IBRD annual meeting would suggest a general direction in the monetary and financial fields. A speech by the President shortly before the Summit

is also a possibility. Such a speech could build upon the Haig speech, carrying it further by outlining some specific initiatives. However, there are difficulties with a Presidential speech. Whatever initiatives the President could propose would not be likely to satisfy the developing countries. Any real or imagined inadequacies of the speech would be thoroughly analyzed by the time of the President's arrival in Cancun, and could be the basis for pressure by developing countries for a more forthcoming position.

We would also begin extensive background work with the press that would emphasize the symbolic nature of the meeting and its status as a part of a series of meetings dealing with the evolution of the global economic system. We would describe this process as being aimed at greater understanding of mutual concerns and of the diversity of interests of countries of the world, and ending a period of confrontation bloc politics.

#### Consultations

Based on responses from Embassies to a request for a sounding of the views of other participants, a decision would be made by the Cancun steering group in mid-September on a list of Cancun capitals to be visited by high-level Administration representatives. These representatives would outline our hopes for the Summit, with a view to generating a consensus, both on the outcome of the meeting and on what follow-on mechanism if any should be agreed to. Under Secretary Rashish,

Assistant Secretaries Hormats and Abrams, Ambassador Meissner, and NSC Advisor Allen would undertake such consultations.

#### Substantive Initiatives

Over the past three decades the United States and other countries have established a set of international institutions and mechanisms -- including the World Bank, the IMF and the GATT -- that effectively respond to the most pressing international economic problems, including those of the developing countries. In this situation, it is unlikely that new initiatives can have a major impact on the prospects or opportunities for developing countries. Rather, new initiatives should be seen primarily as marginal improvements in an already-extensive international system of cooperation. Nevertheless, new initiatives are useful in demonstrating continued US support for developing countries, thus keeping them engaged in the existing framework and dialogue, while the existing system of institutions works its long-term solution to their problems.

Two alternatives regarding initiatives at Cancun have been proposed -- a "minimalist" package and a substantive package. The former could be put together through interagency preparations for the meeting, but any substantial package would encounter very serious political, bureaucratic or budgetary problems, or could conflict with other US objectives. Such a package, possibly along the lines of the themes of the attached NSC staff memorandum, would require cabinet or White House-level decision in order to overcome such barriers.

While this decision on initiatives is separate from the decision, discussed below, on modalities, there are



obviously interrelations. More substantial US action on substance would tend to reduce resistance to US leadership on procedures.

Option 1. Produce a "minimalist" package of initiatives for Cancun, perhaps including proposals for modest steps on food, security, energy and the poorest LDCs.

Pros:

- meets the immediate needs of the Cancun meeting;
- avoids the trap of taking new dramatic initiatives for which we get little credit (LDCs pocket them and ask for more) and which we cannot follow through on given our present budgetary and policy priorities;
- demonstrates that ~~this Administration will~~ not be panicked by pressure of confrontation and will proceed seriously and deliberately to deal with real economic problems, insisting on the required domestic discipline in both developed and developing countries;

Cons:

- risks considerable opposition from developing countries and US allies as "standpatism";
- underestimates value of solid initiatives that enhance development, which is in our interest whether we get credit for it or not;
- leaves unresolved the basic issue of US approach to the LDCs;
- may not be sufficient to cast the President in a leadership role at Cancun.

Option 2. Take major initiatives in GATT, IMF and IBRD reflecting strong belief in free market system to promote development and willingness to overcome some domestic political and bureaucratic opposition to mount new initiatives. Possible initiatives could include liberalization of the MFA, reorientation of AID toward the private sector, increased support for IMF or IBRD programs, USG support for investment in LDCs.

Pros:

-- Demonstrates dramatically that this Administration believes in the post-war international economic system and is willing to face domestic political and bureaucratic opposition to press forward significant initiatives in trade and other areas.

-- Backs up US rhetoric with actions and puts the President in the best position to lead on our terms at Cancun.

Cons:

-- May not earn us much credit, since some LDCs see value in continued pressure on developed countries, and whatever we do will never be enough.

-- Involves substantial domestic political, bureaucratic, or budgetary costs, depending on the specific initiatives proposed. There would be serious risk of falling short on some commitments.

Global Negotiations or Cancun Follow-On

The Ottawa Summit communique commits the participants to "participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospects of meaningful progress." Some governments have misinterpreted this language as committing us to global negotiations in New York which it clearly does not. This language is very broad, and allows a variety of options regarding participation in Global Negotiations. Based on interagency discussion, three options have been put forward as likely agency positions.

Option 1 -- Say no to further negotiations or consultations after Cancun, We would remain noncommittal until after Cancun (our present policy). We would then decline to participate in any further attempt to negotiate procedure or agenda. (Favored by Treasury.)

Pros:

-- Avoids the potential political and economic costs of the GNs process per se (though an attempt to create another new forum for the negotiations of NIEO issues will reappear sooner or later.)

-- Demonstrates to both domestic and foreign audiences that this Administration is intent on defending the existing international economic system and will not be panicked by pressure or confrontation.

-- Temporarily disrupts the current conduct and atmosphere of the "North/South dialogue."

Cons:

-- Does not remove GNs as an issue at Cancun. Subjects the President to pressure and potential isolation.

-- Gives the appearance that the Administration lacks concern for developing countries.

-- Makes certain nearly unanimous condemnation of the US in the UN, including the charge that the President was devious not to have revealed US policy at Cancun.

Option 2. Agree to further talks with developing countries but on a renegotiated basis. We would seek a revised mandate for GNs within the UN framework that would emphasize their role as consultations (not negotiations) and attempt to see our issues placed on the agenda. We would agree to participate in GNs if we were successful in renegotiating the mandate and agenda.

Pros:

-- Benefits the President politically at Cancun. Gives the Summit chairmen the basis for proclaiming the Summit a success.

-- Forestalls the charge the Administration lacks concern for the developing countries and is unwilling even to discuss their proposals.

-- Postpones the ultimate decision on GNs until we know the results of the resumed preparations.

Cons:

-- Recommits the Administration to a political process that is substantially out of its control, and which will be used by LDCs to extract political and economic concessions from us.

-- May only postpone the date for launching of some type of GNs process.

-- Will inevitably tend to perpetuate the current conduct and atmosphere of the "North/South dialogue."

Option 3. The third option would be a new procedural approach that would be an alternative to GNs. There is a wide variety of possibilities. One possibility would involve a Cancun follow-on at a lower level to discuss the major themes of the Summit. This could then lead to a request to the specialized agencies for studies of specific problem areas. The studies could later be presented to a Cancun follow-on meeting or to the UNGA.

Pros:

-- Keeps LDCs engaged by maintaining a dialogue with them, forestalling the charge the Administration lacks interest in their problems;

-- At least postpones the GN process, and provides a forum where US can have larger role; and

-- Offers better chance than GNs for substantive interchange with LDCs on US views.

Cons:

-- Will probably incur substantial opposition of some developing countries and allies for pursuing an alternative to GNs;

-- Raises expectations that Cancun format (like CIEC) can accomplish more than GNs, some may encourage larger LDC demands; and

-- will eventually lead us back to a situation similar to GNs.

Attachment:

US Policy Framework and Inventory of Issues for Relations with LDCs .

U. S. POLICY FRAMEWORK AND INVENTORY OF ISSUES

FOR RELATIONS WITH LDCs

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Authority State Waiver  
BY ds NARA DATE 11/15/2019

The President's participation in the Cancun Summit offers an opportunity to put his imprint on the international development dialogue and on U.S. foreign assistance programs. This imprint should reflect an approach to international development and economic cooperation consistent with his domestic economic program and represent a bold and unconventional departure from the creeping statism, dirigisme and bureaucratization that has characterized so-called North-South relations over the past decade.

This memo sets out the themes of such an approach and inventories issues and actions that have been or should be taken in order to implement these themes in U.S. policies over the period ahead. It is designed to facilitate White House decisionmaking and direction to the agencies regarding Cancun preparations. It has been developed in consultation at the sub-Cabinet level with State, Treasury and AID.

The approach assumes that the President wants to take the lead in redirecting the substance and dialogue of relations between developed and developing countries. If another lower profile posture were adopted, only some of these themes and actions would be implemented. It further assumes that the more aggressive and positive the United States is in taking substantive initiatives, the better we will be able to resist or redirect troublesome procedural initiatives such as the proposed Global Negotiations.

Some of the actions identified below are being studied intensively in the development of the proposed Caribbean Basin Plan. Where applicable, this is indicated. The purpose here is to place the specific Caribbean Basin activities into a broader policy framework.

Themes are underlined and the issues and actions listed as subtopics under each theme. The status of each issue or action is also indicated.

I. Development and growth are essentially national responsibilities and depend on sound domestic policies and a favorable climate for investment and other productive activities. Domestic commitments are the essential foundation of effective international cooperation.

A. Stress the decisive policies this Administration has implemented, at considerable short-term sacrifice on the part of the American people, to meet our own domestic economic

Review 8/14/87

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responsibilities. (We not only preach the theme of domestic responsibility; we practice it.) -- Much of the argumentation here has been developed in the preparations for the Ottawa Summit and should now be shifted to the Cancun setting.

B. Stress the responsibility of all countries, especially the developing countries, to pursue sound domestic policies. (The U.S. domestic recovery program gives us the political credibility to insist that other countries also meet their domestic responsibilities and subtly shifts the dialogue of the past decade away from the responsibilities of the international community to the responsibility of each of its members.) -- No action yet, but may wish to ask CIA and other agencies to develop a concise comparison of the development policies that have failed and those that have succeeded in developing countries over the past two decades (e.g. Tanzania vs. Malaysia or Sri Lanka).

C. Show the benefits which the American economy provides for LDCs, to include the disproportionate share of LDC imports we absorb and LDC investment and financing needs we provide, and particularly the benefits to LDCs of renewed, non-inflationary growth in the U.S. market. -- CIA has started some work in this area but might be asked to do more.

D. Review foreign assistance programs to establish more effective performance criteria for local government policy and action, such as a willingness to enhance the role of the indigenous private sector, the pursuit of a balanced strategy of agricultural and industrial development, budget policies to encourage savings and investment, serious local programs to deal with the poor, etc. -- AID is doing this on a project basis and expects to develop more systematic policies which we can also advocate in multilateral development institutions such as the World Bank.

II. The present free world international economic system, based on maximum opportunity for private sector activities, has worked for all countries that have sought to use it, including developing ones, and has shown itself to be resilient, adaptable to change, and accommodating to the real needs of developing nations. We seek to expand this system, not restructure it, and stand ready to meet our obligations toward developing countries within this system as we look to them to assume their responsibilities.

A. The System As a Whole

1. The accomplishments under the evolving post-war system, especially in the last decade, are considerable and have been ignored for too long in the defensive, self-incriminating stance adopted by too many developed countries.



Ask CIA and other agencies to develop empirical data to show, for example, the number of countries with sizable trade today compared to 10 years ago, the growth and change in the character of private investment and of LDC policies toward private investment, the increase in IMF quotas and multilateral bank lending, etc.

2. The Global Dialogue -- Make a decision whether we accept eventually under the proper terms a special forum in New York for global negotiations and, if so, under what terms, or if not, what alternatives do we propose (e.g. Cancu follow-up, etc.). -- Preliminary discussion in CCEA and State has started drafting a decision paper with various options.

## B. Trade

1. Multi-Fiber Agreement -- Adopt as liberal a position as possible and aggressively compare U.S. position with more restrictive European position, pointing out that trade is the real "meat" of development (\$90b./year of manufacturing exports by LDCs, \$45b. of which are covered by MFA) while Global Negotiations, where Europeans are more enthusiastic than U.S. is mere "puff." -- USTR leads an interagency team to conduct the MFA negotiations. We may also wish to consider a Cabinet Council discussion of this issue.

2. Examine the Trade and Development Program with a view to its potential for enabling aid programs to involve the U.S. private sector more effectively in ongoing development activities in LDCs (TDP promotes U.S. private sector involvement in feasibility studies of development projects in developing countries with resultant benefits for U.S. exports and longer-term involvement of U.S. companies in these countries.) -- Currently under IDCA, TDP is reviewing its own operations as well as developing TDP-type components in various aid projects within the regional bureaus of AID.

3. Weigh the advantages and disadvantages of a program of mixed credits whereby aid grants combine with commercial loans to yield subsidized export credits and consider appropriateness of this idea in multilateral as well as bilateral assistance (e.g. subsidized interest loans instead of grants in IDA). -- Treasury leads an interagency team to negotiate an international agreement to restrict export credit subsidies, while AID and USTR are examining pilot programs for mixed credits to keep U.S. industry competitive if an international agreement is not concluded or is not sufficient.

4. Consider a review of Export-Import Bank financing with a view to increasing its lending for exports to targeted developing countries, such as the Caribbean Basin countries. -- No action yet.

5. Examine opportunities for use of GSP, tariff authorities and other administrative measures to increase trade opportunities for LDCs in U.S. markets. -- Being done for countries involved in proposed Caribbean Basin Plan.

### C. Investment

1. Decide whether this Administration will adopt a neutral or an activist policy toward foreign direct investment in developing countries, reviewing a range of instruments (investment treaties, tax policies, etc.) in light of this decision. (If an activist approach were adopted, this might amount to a type of enterprise zone concept applied to impoverished areas internationally, i.e. certain LDCs). -- No action yet, but expected that CCEA Working Group on Investment Policy may take up this as a matter of priority.

2. Review OPIC policies with a view toward expanding its insurance and perhaps loan guarantee activities and operating flexibility in developing countries. -- Being done in Congress.

3. Develop an initiative supportive of private investment and present in the international dialogue as way of refurbishing image and acceptability of private investment over next decade and of counterbalancing current proposals detrimental to private investment (e.g. present investment and technology code negotiations). -- Prototype investment charter and insurance scheme being studied (but reportedly not going anywhere) for countries involved in Caribbean Basin Plan.

4. Catalyze a voluntary initiative by multinational companies themselves to contribute more directly through their trade associations, etc. (e.g. Chamber of Commerce) to development assistance efforts in LDCs (e.g. training institution run by Chamber of Commerce, etc.). -- No action yet. Could be considered in connection with 1. above if, for example, tax benefits were granted to firms investing in these types of Chamber or other trade association activities.

### D. Finance

1. Accelerate and complete formulation of U.S. policy toward the World Bank group, stressing co-financing, consortia arrangements, and the role of IFC in consideration

of future replenishments. -- Interagency study underway by Treasury.

2. Consider a review of long-term U.S. policy toward the IMF, linking issues of conditionality with consideration of future quota increases. -- No action yet but expected that Executive Director for IMF and other Treasury officials are considering best way to proceed to interagency discussions.

3. Decide whether new initiatives, and if so, what types, are needed to deal with the problem of debt rescheduling in LDCs and more generally the role of commercial lending in developing countries. -- No action yet but CCEA is about to initiate a study.

III. Concessional foreign assistance is vital to poorer elements in developing countries that do not yet participate in the domestic economy and to poorer developing countries as a whole that do not yet participate in the international economy.

A. Consider a major Administration effort to secure passage of FY82 foreign aid legislation which is currently stalled in Committee and unlikely to pass before the new fiscal year, requiring a continuing resolution at roughly 1979 levels (since there has been no aid bill for two years) and considerably lower military and economic support assistance than the Administration has requested. -- No action yet.

B. Direct a broad review of U.S. development assistance programs with a view toward presenting new, comprehensive foreign aid legislation in FY83, featuring reorganization proposals for IDCA, a greater role for the private sector, and priority for agricultural, energy and manpower development (training, technical assistance, etc.). -- No action yet, although the AID legislative review process which already exists could be used for this purpose.

C. Consider improved coordination for policymaking with respect to all forms of foreign assistance -- bilateral and multilateral developmental assistance, economic support, and military assistance. -- State, AID and Defense are working on an improved system.

D. Consider improved coordination for operation or implementation of all foreign assistance and other governmental programs facilitating the involvement of the private sector in developing countries -- trade missions, bilateral economic commissions, joint business councils, commercial attache program, Trade and Development Program, OPIC, Export-Import Bank, Early Notice Program for Multilateral Bank-financed projects, etc. (Do we need to offer developing

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countries, like Jamaica, a central point of access to these programs and to the U.S. private sector?) -- No action yet, although AID, Commerce and others coordinate on an ad hoc basis.

IV. Concessional aid can be justified only if it is aimed at eventually making the recipient self-sufficient (not feeding the poor but teaching them to feed themselves) and giving poor individuals and poor countries the opportunity to participate in the domestic and international economic systems where the big benefits are to be achieved.

A. Consider criteria for foreign assistance programs and perhaps even individual projects that require phaseout of concessional aid. -- No action yet, although the concept of graduation or maturation of countries has been frequently studied and in the case of bilateral assistance applied to some countries, principally in Latin America.

B. Evaluate aid projects from standpoint of facilitating access by poor people to the domestic commercial market and poor countries to the international commercial market (e.g. place priority on basic human needs projects that eventually integrate poor into commercial market for sale of their products, new employment opportunities, obtaining credit, etc.). -- No action yet.

C. Establish coordination between U.S. government activities to facilitate private sector involvement (see III.D. above) and U.S. basic human needs programs in order to ensure that basic human needs efforts acquire over time a self-sustaining character, giving poor the independence to fend for themselves in the commercial market. - TDP has begun this effort on a project basis but may want to consider a more systematic approach.

V. Development and growth offer an opportunity to use the unique quality and advantages of an area's resources and environment to fulfill human needs (this theme counters in a positive way the notion that development is a threat to the environment or that the environment is a constraint on development).

A. Develop an international dimension to the Administration's domestic environmental policy which addresses the interrelated problems of pollution, population, deforestation and water management. -- No action yet.

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DEPARTMENT OF STATE

Washington, D.C. 20520

11/15/2019  
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(With ~~CONFIDENTIAL~~  
Attachment)

September 2, 1981

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MEMORANDUM FOR: Mr. Richard Darman  
Deputy Assistant to the President  
The White House

and

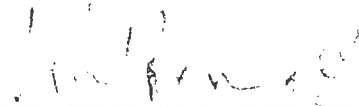
Mr. Craig Fuller, Director  
Office of Cabinet Administration  
The White House

SUBJECT: The President's Briefing Book for the  
October 22-23, 1981, Cancun Summit

Attached are copies of the tasking memorandum for the President's briefing book on economic issues to be discussed at the October 22-23 Cancun Summit. This memorandum has been sent to the addressees listed and was distributed September 1 to an interagency drafting group convened at the State Department by Ambassador Charles Meissner. We would appreciate your comments and suggestions on the attached memorandum.

Separate tasking memoranda will be prepared for the President's bilateral meetings at Cancun.

Ambassador Meissner, Deputy Executive Secretary Alvin P. Adams and other State Department officers working on the Cancun Summit would appreciate meeting with you at an early date to coordinate preparations.

  
L. Paul Bremer, III  
Executive Secretary

Attachment:

As stated.

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## DEPARTMENT OF STATE

Washington, D.C. 20520

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September 1, 1981

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MEMORANDUM FOR: Office of the Vice President - Mrs. Dyke  
NSC - Mr. Nau  
Treasury - Mr. Korp  
CEA - Mr. Weidenbaum  
USTR - Mr. Macdonald  
Energy - Mr. Borre  
Commerce - Mr. Waldmann  
Agriculture - Mr. Hammer  
Defense - Mr. Rixse  
Joint Chiefs - Lt. Col. Bucknell  
Labor - Mr. Blackman  
CIA - Mr. Cochrane  
IDCA/AID - Mr. McPherson  
ACDA - Mr. Rostow  
P - Mr. Stoessel  
E - Mr. Rashish  
T - Mr. Buckley  
S/P - Mr. Wolfowitz  
AF - Mr. Crocker  
ARA - Mr. Enders  
EA - Mr. Holdridge  
EUR - Mr. Eagleburger  
NEA - Mr. Veliotis  
EB - Mr. Hormats  
IO - Mr. Abrams  
OES - Mr. Malone  
PM - Mr. Burt

SUBJECT: Cancun Economic Summit, October 21-23, 1981

DEPARTMENT  
COORDINATOR

& E LIAISON: Amb. Charles F. Meissner, 632-4040, Room 3535

S/S-S

ACTION OFFICER: Bill McCahill, 632-8062, Room 7241

This memorandum assigns responsibilities for the preparation of briefing materials for use by the President and U.S. officials at the International Meeting on Cooperation and Development, October 21-23, 1981, in Cancun, Mexico. All materials are to be submitted to S/S-S through E at dates specified in this memorandum.

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GDS, 9/01/87

DECLASSIFIED  
Dept. of State Guidelines, July 21, 1997  
BY dh NARA, DATE 11/15/00

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I. SCOPE PAPER

EB should prepare the overall Scope Paper. The format for the Scope Paper is at Attachment 1. The Scope Paper should be cleared by P, S/P, IO, OES, Treasury, Commerce, Agriculture, Labor, AID and USTR. The Scope Paper will be a key element in the President's Briefing Book and should be prepared as a memorandum from the Secretary to the President. It is due in S/S-S in final form with all clearances by COB October 7.

II. BACKGROUND PAPERS ON PARTICIPATING COUNTRIES

For Each participating country two papers should be prepared:

(1) Bullet Paper: AF, ARA, EA, EUR and NEA should prepare a Bullet Paper for each participating country, in addition to any materials prepared for bilaterals. The format for Bullet Papers is at Attachment 2. These papers are due in E, Room 3535, by Friday, October 2.

(2) Country Background Paper: Background Papers on participating countries should be prepared by CIA in close collaboration with AF, ARA, EA, EUR and NEA. These papers are due in E, Room 3535, by September 28.

III. BIOGRAPHIC DATA

EB should supply S/S-S by October 1 a list of names for whom biographic data are needed.

IV. BILATERAL CONSULTATIONS

AF, ARA, EA, EUR and NEA have supplied S/S with proposals for Presidential bilaterals. Tasking for the bilaterals chosen will be handled by S/S.

V. PUBLIC STATEMENTS

EB should prepare and clear through S and S/P opening and contingency closing statements for the President's use. They are due in S/S-S by October 2, 1981.

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VI. SCENARIO AND SCHEDULE

EB and S/S will prepare the scenario and schedule. This will be a major substantive paper from which the President will draw briefing material.

VII. BRIEFING PAPERS ON ECONOMIC ISSUES

Background Papers on economic issues are organized under headings B, C, D, and E in the four areas identified by the August 1-2 Cancun Preparatory Meeting as those to be included in the October 22-23 discussions. In addition, briefing materials under heading A will address general multilateral economic issues, while section F will cover other political-economic issues that might arise at Cancun.

- (1) Checklist, one-page limit (sample at Attachment 3);
- (2) U.S. Statement, two-page limit (format at Attachment 4);
- (3) President's Briefing Memorandum (format at Attachment 5); and
- (4) Point Papers, one-page limit (sample at Attachment 6).

Final, fully cleared texts of all papers are due in E, Room 3535, by COB September 28. Drafting assignments and clearing responsibilities for these papers follow:

	<u>Drafting</u>	<u>Clearance(s)</u>
A. <u>General Multilateral Economic Relations</u>		
Checklist	EB	Tr, AID, IO
U.S. Statement	EB	Tr, AID, IO, S/P
President's Briefing Memorandum	EB	Tr, AID, IO
Point Papers:		
(1) Global Negotiations	EB, IO	Tr
(2) Relevance of U.S. Domestic Economic Recovery Program to Developing Countries	CEA	Tr

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	<u>Drafting</u>	<u>Clearance(s)</u>
(3) Importance of National Policies	EB	Tr,AID
(4) Role of the Private Sector	EB	Tr,AID
(5) Brandt Commission Report	EB	Tr,IO
(6) Differentiation vs. Universality	EB	IO
(7) ECDC Conference	IO	EB
(8) LLDC Conference	IO	EB
(9) Regionalization	EB	Tr
 <b>B. <u>Food Security and Agricultural Development</u></b>		
Checklist	EB	Tr,AID,USDA,IO
U.S. Statement	EB	Tr,AID,USDA,IO,S/P
President's Briefing Memorandum	EB	Tr,AID,USDA,IO
 Point Papers:		
(1) Developing Country Food Production	EB	AID,USDA,IO
(2) Agricultural Development Assistance	AID	EB,USDA,IO
(3) Food Aid	EB	Tr,AID,IO,USDA
(4) IFAD Replenishment	EB	Tr,AID,IO
 <b>C. <u>Commodities, Trade and Industrialization</u></b>		
Checklist	EB	DOC,USTR,IO
U.S. Statement	EB	DOC,USTR,IO,S/P
President's Briefing Memorandum	EB	DOC,USTR,IO

	<u>Drafting</u>	<u>Clearance(s)</u>
Point Papers:		
(1) International Commodity Agreements	EB	USDA,DOC,Tr, USTR,IO
(2) Common Fund	EB	Tr,IO
(3) International Grain Reserves	EB	USDA,DOC
(4) Protectionism	USTR,EB	-
(5) 1982 GATT Ministerial	USTR	EB
(6) Developing Countries in GATT	USTR	EB
(7) Generalized System of Preferences	USTR	EB,Tr
(8) MTN Tariffs on Developing Countries	USTR	EB
(9) MTN Codes	USTR	EB,DOC
(10) Multi-Fiber Agreement	USTR	EB,DOC,Lab
(11) Export Credits to Developing Countries	Tr	EB,DOC,USTR
(12) Graduation, Adjustment and Redeployment of Industry	EB	IO

D. Energy

Checklist	EB	Tr,DOE
U.S. Statement	EB	Tr,DOE,S/P
President's Briefing Memorandum	EB	Tr,DOE

Point Papers:

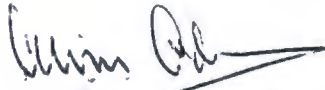
(1) Energy Development in Developing Countries	EB	DOE,AID,IO
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	<u>Drafting</u>	<u>Clearance(s)</u>
(2) UN Conference on New and Renewable Sources of Energy	IO	EB,DOE
(3) World Bank Expanded Energy Lending Program	EB,Tr	DOE
(4) Lopez Portillo World Energy Plan	EB	DOE,ARA,IO
(5) Producer-Consumer Cooperation	EB	Tr,DOE
E. <u>Monetary and Finance</u>		
Checklist	Tr	EB,IO
U.S. Statement	Tr	EB,IO,S/P
President's Briefing Memorandum	Tr	EB,IO
Point Papers:		
(1) IMF Enlarged Access and Extended Lending Arrangements	Tr	EB
(2) IMF Membership and Quotas	Tr	EB
(3) IMF Conditionality	Tr	EB
(4) Developing Country Debt Burden	Tr	EB,IO
(5) U.S. Bilateral Development Assistance Program	AID	EB
(6) U.S. Contributions to the Multilateral Development Banks	Tr	EB,IO
(7) SDR/Aid Link	Tr	EB

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	<u>Drafting</u>	<u>Clearance(s)</u>
F. <u>Additional Point Papers</u>		
Law of the Sea	OES	IO,EB
Population	AID	IO,EB,OES
Human Resource Development	AID	IO,EB
Natural Resource Development	OES	AID,IO
Science and Technology	OES	AID,EB,T,IO
Election of UN Secretary General	IO	P



L. Paul Bremer, III  
Executive Secretary

Attachments:

1. Format for Scope Paper.
2. Format for Summit Bullet Paper.
3. Sample for Checklist.
4. Format for U.S. Statement.
5. Format for President's Briefing Memorandum.
6. Sample for Point Paper.

N.B. All papers are to be typed on plain bond with 1" side margins and 1 1/2" margins on top and bottom. Classifications should be centered on the top and bottom of each page. Declassification information should be indicated on the bottom of the first page directly below the classification. Drafting and clearances should be indicated on a separate sheet at the end of all papers. Acronyms should be identified in titles of papers and on first occurrence in all papers. We suggest that drafting offices store their drafts on VYDEC or other memory discs.

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Format for Scope Paper

- I. Origin and Setting of Summit
- II. Current State of Multilateral Economic Relations
- III. U.S. View of the Summit
- IV. U.S. Objectives at the Summit
  - List first objective.
  - List second objective.
  - Etc.

On a separate page for each objective, explain the importance of the objective and the U.S. strategy for achieving the objective.

Format for Summit Bullet Paper

Country X

I. Country X's Role in the Summit

II. Country X's Principal Concerns at the Summit

III. Checklist

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Not to exceed one page

MAIN OBJECTIVES

1. Reassure others that the US shares their concern about the serious problems faced by the poorer countries.
2. Make clear that a revitalization of the US and world economy is a key factor in improving prospects for developing as well as developed countries.
3. Avoid formal Summit endorsement of the Global Negotiations without closing the door.

BEAR IN MIND

1. Others think the US is abandoning its obligations to provide economic and humanitarian assistance to LDCs.
2. Trudeau is an advocate of LDC interests, including the Cancun Summit and Global Negotiations.
3. Except for the US and UK, the Summit countries consider global negotiations a political necessity. All, except Italy, will be at Cancun.

CHECKLIST

1. Stress that we support the development efforts of the LDCs and intend to honor our international aid commitments, particularly IDA.
2. Confirm our doubts about the utility of Global Negotiations but stress that this is based on questions as to whether they can actually make concrete progress; note that we want to postpone a decision until we have heard the views of LDC leaders at the Cancun Summit.
3. Stress that LDCs need to make a greater effort to adopt rational economic policies and to maintain a favorable investment climate.
4. Stress that the Ottawa Summit countries need to cooperate to assure that the Cancun Summit maintains its informal structures, without a communique that might imply new commitments.
5. Point out that our aid programs are aimed at overcoming key development problems of food production, population growth and energy.

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Format for U.S. Statement  
(not to exceed two pages)

ISSUE AREA

STATEMENTS THAT THE PRESIDENT COULD USE IN DISCUSSIONS ON EACH ISSUE SHOULD BE TYPED IN ORATOR TYPESET AND DOUBLE SPACED. THEY SHOULD OUTLINE HOW THE U.S. VIEWS THE PROBLEMS AND OPPORTUNITIES FOR COOPERATION IN THIS AREA. MENTION COULD BE MADE OF SPECIFIC ISSUES WE WANT TO EMPHASIZE. THE STATEMENTS SHOULD NOT EXCEED TWO PAGES.

Format for President's Briefing Memorandum  
(Not to exceed three pages)

Issue Area

Objectives

- Objectives should focus on Summit discussions.
- Objectives should be typed single-spaced, not to exceed 4-5 lines each.
- Underline key words.
- Double space between objectives.
- Etc.

Context

This section should be narrative and in paragraph form, with key words underlined. This section should give general background information on the issue area and key specific issues. The issue area should be described in terms of likely Summit discussions.

This section should also identify Summit-participating countries who have expressed strongest concern on this issue. Countries supportive of U.S. views as well as most vocal opponents should be identified, in terms of the issue area as a whole and specific issues.

Key Points to Make

- Talking points should be based on the above.
- They should be single spaced and not exceed 4-5 lines each.
- Double space between points.
- Points should focus on Summit discussions.

~~CONFIDENTIAL~~Sample POINT PAPER--not to exceed one pageINTEREST RATES

Criticism: High U.S. interest rates are driving European currencies down, forcing undue European monetary tightness and increasing European import costs (especially oil).

Response:

1. Interest rates are one factor, but only one. Ample evidence European problems -- large budget deficits, rising inflation, rapid money growth in some cases -- are largely home grown.
2. U.S. does not want high interest rates and is not using them as a policy tool. They hurt our economy. They are a product of past inflation.
3. Our aim is low interest rates. Record is clear: slow money growth brings low inflation and low interest rates.

Facts: The claim that interest rates dominated the exchange markets is simply wrong. They have been an important factor at times. But:

The relationship between U.S. interest rates and both French and German interest rates is about the same now as it was in the Spring of 1980. The market exchange rates are now down about 25 percent against the dollar. In both countries, the inflation rate is worse. The Germans' 1980 current accounts deficit was unprecedented and is expected to decrease only marginally in 1981. There was great capital flight from France associated with the change in government.

On the other hand, Japanese interest rates have stayed relatively low and are around 7 percent with the U.S. interest rates at almost 18 percent. The Yen, however, has not declined much from where it was a year ago. The Japanese case is improving underlying economic conditions. Their current account deficit is expected to shift from a \$10.8 billion deficit in 1980 to a rough balance in 1981. This accounts for the stability of the Yen and demonstrates that interest rates don't directly drive exchange rates.

U.S. and U.K. interest rates bear the same relationship to each other that they did last fall but Sterling has still fallen 5 percent against the dollar.

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Sample POINT PAPER--not to exceed one page

CARIBBEAN BASIN INITIATIVE

Argument: The Caribbean Basin initiative is a specific example of continued US concern for developing countries.

Responses:

1. I believe our initiative to develop an economic program for the Caribbean Basin proves the sincerity and depth of my Administration's commitment to development.
2. This is the type of program which can have a real impact on the developing countries, in contrast to sterile debate, such as the Global Negotiations.
3. The US and other countries are in the early stages of developing an action plan. We will be consulting with you to hear your ideas about how best to attack the economic and social problems of the region.
4. This is an important program, and I hope all the major industrialized countries will be able to increase their contributions to the economic and social stability of the region.

Facts: Caribbean Basin nations in general suffer from inadequate production, serious balance of payments difficulties, unbalanced and inequitable internal economic development and unacceptable high rates of unemployment. As a result of these and other problems, the Basin's political and social stability is threatened.

To resolve the region's economic problems, we believe it necessary to organize a cooperative, multi-national approach to Basin development. Working first with such countries as Canada, Mexico and Venezuela, we propose trade, investment and aid programs to help the Basin's countries become more productive and, ultimately, be able to support their own future development.

The details of the Basin initiative concept are not yet fully developed. Canada, Mexico, Venezuela and the US took an important first step toward the success of our joint Basin Initiative in the July 11 Foreign Ministers' meeting in Nassau. We agreed at that meeting to develop a multilateral approach to Caribbean and Central American development through a process of consultations with countries in the region, other potential donors and international institutions.

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