

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Bailey, Norman A.: Files
Folder Title: Cancun Summit (October 1981) (1)
Box: RAC Box 5

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library inventories visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection: BAILEY, NORMAN: Files

Archivist: ggc/mjd

File Folder: Cancun Summit (October 1981) [1 of 6]
 Box ~~90373~~ 5

Date: 7/11/96

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. working paper	re: Global Negotiations, page 7 (1p, partial), pages 8 and 9 (2pp) <i>OB 10/23/00</i>	n.d.	P5-
2. paper	re: Global Negotiations (1p) <i>D 1/11/99 NLSF94-090</i>	9/19/81	P1 <i>B1</i>
3. memo	from Jeane Kirkpatrick to Cabinet Council on Economic Relations re: Cancun and global negotiations (2pp) <i>OB 10/23/00</i>	10/1/81	P5-
4. table of contents	(2pp) <i>R 1/11/99 NLSF94-090</i>	n.d.	P1
5. paper	re: Food Security (1p) <i>R 1/11/99 NLSF94-090</i>	n.d.	P1
6. paper	re: Food Security (4pp) <i>R 1/11/99 NLSF94-090</i>	n.d.	P1
7. paper	re: Food Aid (1p) <i>R 1/11/99 NLSF94-090</i>	n.d.	P1

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

- F-1 National security classified information [(b)(1) of the FOIA].
- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
- F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
MESSAGE CENTER

PAGE 01 OF 03 SECSTATE WASHDC 6553 DTG: 271936Z OCT 81 PSM: 045730
EOB690 AN006624 TOR: 301/0031Z CSN: HCE295

DISTRIBUTION: BALLY-01 FONT-01 MAU-01 POAT-01 RENT-01 TYSM-01
/006 A1

WHTS ASSIGNED DISTRIBUTION:
SIT:
EOB:

OP IMM:ED /ROUTINE
DE RUEHC #6553 3010021
O R 271936Z OCT 81 ZEX
FM SECSTATE WASHDC

TO ALGANCUN COLLECTIVE IMMEDIATE

INFO ALL DIPLOMATIC AND CONSULAR POSTS

UNCLAS STATE 286553

USEC/USOECG ALSO FOR EMBASSY, INFORM CONSULS
E.O. 12065: N/A

TAGS: EGEN, ENSD, XX

SUBJECT: CUNCUN SUMMIT: TEXT CO-CHAIRMAN'S SUMMARY
FOLLOWING IS FULL TEXT OF THE SUMMARY ISSUED BY THE TWO
SUMMIT CO-CHAIRMAN (PRESIDENT LOPEZ PORTILLO OF MEXICO
AND PRIME MINISTER TRUDEAU OF CANADA) AT THE END OF THE
SUMMIT ON FRIDAY, OCTOBER 23.

QUOTE: WE, THE CO-CHAIRMAN, HAD THE GREAT HONOUR TO
PRESIDE OVER A MEETING OF HEADS OF STATE AND GOVERNMENT
DESIGNED TO FOCUS ON RELATIONSHIPS BETWEEN NORTH AND
SOUTH, PARTICULARLY THE SERIOUS ECONOMIC PROBLEMS
CONFRONTING THE INTERNATIONAL COMMUNITY. THE UNITED
NATIONS SECRETARY-GENERAL ATTENDED AS A SPECIAL GUEST.

WE STRONGLY BELIEVE THAT THE VERY FACT THAT 22 LEADERS
FROM SOME OF THE WORLD'S MOST INFLUENTIAL YET DIVERSE
COUNTRIES WERE PREPARED TO COME TO CUNCUN AND DISCUSS
THESE ISSUES CLEARLY DEMONSTRATED THE IMPORTANCE AND
GRAVITY THAT THEY ATTACHED TO THEM. THE NORTH/SOUTH
RELATIONSHIP WAS SEEN AS ONE OF THE MOST SERIOUS
CHALLENGES TO BE FACED IN THE COMING DECADE, RANKING WITH
AND LINKED TO THE MAINTENANCE OF WORLD PEACE, AS A PRIOR-
ITY FOR THE ATTENTION OF ALL GOVERNMENTS.

THE SPIRIT WHICH PREVAILED AMONG US AS WE ADDRESSED
THESE FUNDAMENTAL ISSUES WAS EXTREMELY CONSTRUCTIVE AND
POSITIVE. IT WAS CLEAR FROM THE OUTSET THAT WE WERE NOT
HERE - INDEED WE COULD NOT BE HERE - TO TAKE DECISIONS
ON BEHALF OF THE REST OF THE WORLD. OUR TASK WAS RATHER
TO BRING OUR VOICES TO BEAR AT THE HIGHEST LEVEL ON THE
FUNDAMENTAL ISSUES, TO IDENTIFY THE MAJOR PROBLEMS AND-
TO TRY TO EVALUATE AND PROMOTE POSSIBLE SOLUTIONS. WITH
THIS END IN MIND WE SPOKE OPENLY AND FRANKLY TO ONE
ANOTHER AND DID NOT TRY TO EVADE THE HARD ISSUES. NOR
DID WE INDULGE IN RECRIMINATION OR CASTING OF BLAME ON
OTHERS. WE WERE NOT BOUND BY TRADITIONAL BUREAUCRATIC
ENTANGLEMENTS NOR DID WE ALLOW OURSELVES TO BE SHACKLED
BY POSTURING OR RHETORIC. THE ATMOSPHERE THROUGHOUT--
WAS RECEPTIVE TO NEW IDEAS AND APPROACHES AND A WILLING-
NESS TO LISTEN AND UNDERSTAND. WE BELIEVE THAT TOGETHER
WE SUCCEEDED IN CREATING A SPIRIT OF GENUINE CONFIDENCE
AND TRUST AMONGST OURSELVES.

OUR TASK NOW WILL BE TO ENSURE THAT WE BUILD UPON THIS
TRUST AND UNDERSTANDING, CARRY THIS MOMENTUM FORWARD
INTO THE FUTURE AND TRANSLATE THOUGHT INTO ACTION AND
PROGRESS WITH THE AIM OF REVITALIZING THE WORLD ECONOMY
AND ACCELERATING THE DEVELOPMENT OF DEVELOPING COUNTRIES.
IT IS IN THIS LIGHT THAT HEADS OF STATE AND GOVERNMENT-
WERE CLEARLY DETERMINED TO ATTACK THE PROBLEMS ON AN
URGENT BASIS IN THE INTERNATIONAL INSTITUTIONS EXISTING
FOR THIS PURPOSE, AND TO CONTINUE TO GIVE THEIR PERSONAL
ATTENTION TO THIS PROCESS.

OBVIOUSLY THERE WERE DIFFERENCES OF VIEW EXPRESSED. AMONG
22 VERY DIVERSE NATIONS IT COULD NOT BE EXPECTED THAT
INTERESTS WOULD BE IDENTICAL OR APPROACHES NECESSARILY THE
SAME. BUT WHAT STRUCK US MOST FORCEFULLY WERE THE MANY
AREAS OF SHARED PRIORITIES AND OF COMMON GROUND. THUS,
WHILE VARIOUS ROADS WERE SUGGESTED TO SOLVE THE PROBLEMS
FACING US, IN VIRTUALLY EVERY CASE THE BASIC OBJECTIVES
WERE SHARED BY ALL OF US.

ALL PARTICIPANTS RECOGNIZED THE IMPORTANCE OF INTER-
DEPENDENCE IN TERMS OF THE FUNCTIONING OF THEIR ECONOMIES,
REFLECTED IN THE FACT THAT THE ECONOMIC PROSPERITY OF ANY
COUNTRY OR GROUP OF COUNTRIES INCREASINGLY DEPENDS ON THE
EXISTENCE OF CONDITIONS FOR GROWTH AND STABILITY IN OTHER
NATIONS. THEY ALL APPRECIATED THAT MANY OF THE ECONOMIC
PROBLEMS WHICH BESET THEM INDIVIDUALLY COULD ONLY BE
SOLVED THROUGH JOINT ACTION AMONG STATES AND THAT IN THIS
SENSE THERE WAS A HIGH DEGREE OF MUTUAL SELF-INTEREST
INVOLVED IN PROMOTING CLOSER INTERNATIONAL COOPERATION.
THERE WAS A STRONGLY SHARED VIEW THAT IN THE GLOBAL
COMMUNITY THE PROBLEMS OF ECONOMIC DISPARITIES AMONG
NATIONS NEEDED TO BE SEEN AS THE RESPONSIBILITY OF ALL
AND THEREFORE REQUIRED CONCERTED ACTION. THE VIEW WAS
EXPRESSED THAT, IN AN INCREASINGLY INTEGRATED WORLD

ECONOMY, NO COUNTRY OR GROUP OF COUNTRIES CAN EVADE THEIR
RESPONSIBILITIES. IN THIS RESPECT, REGRET WAS VOICED
ABOUT THE ABSENCE OF THE SOVIET UNION FROM THE MEETING.

AT THE SAME TIME THE IMPORTANCE OF STRENGTHENING AND
INCREASING THE EFFECTIVENESS OF COOPERATION AMONG
DEVELOPING COUNTRIES WAS SEEN AS AN ELEMENT OF GROWING
SIGNIFICANCE IN INTERNATIONAL RELATIONS. MANY
PARTICIPANTS REGRETTED THE AMOUNT OF RESOURCES DEVOTED
TO ARMAMENTS WHICH COULD BE BETTER EMPLOYED FOR
DEVELOPMENTAL PURPOSES.

IT WAS RECOGNIZED THAT MANY OF THE PROBLEMS WERE DEEP
AND COMPLEX AND NOT SUBJECT TO QUICK OR SIMPLISTIC
SOLUTIONS. WITH A LONG AND DIFFICULT PERIOD AHEAD,
LEADERS COMMITTED THEMSELVES TO WORKING TOGETHER TO TRY
TO BUILD AN INTERNATIONAL ECONOMIC ORDER IN WHICH ALL
STATES WOULD BE ABLE TO REALIZE THEIR POTENTIAL WITH
EQUAL OPPORTUNITIES, AND THE DEVELOPING COUNTRIES IN
PARTICULAR WOULD BE ABLE TO GROW AND DEVELOP ACCORDING
TO THEIR OWN VALUES.

THE HEADS OF STATE AND GOVERNMENT CONFIRMED THE
DESIRABILITY OF SUPPORTING AT THE UNITED NATIONS, WITH

A SENSE OF URGENCY, A CONSENSUS TO LAUNCH GLOBAL
NEGOTIATIONS ON A BASIS TO BE MUTUALLY AGREED AND
IN CIRCUMSTANCES OFFERING THE PROSPECT OF MEANINGFUL
PROGRESS. SOME COUNTRIES INSISTED THAT THE COMPETENCE
OF THE SPECIALIZED AGENCIES SHOULD NOT BE AFFECTED.

WITH RESPECT TO SUBSTANCE WE FOCUSED ON WHAT WE VIEWED
AS THE MAJOR ISSUES AND THE CHALLENGES FACING THE WORLD
ECONOMY UNDER THE HEADINGS OF: FOOD SECURITY AND

UNCLASSIFIED

UNCLASSIFIED
NATIONAL SECURITY COUNCIL
MESSAGE CENTER

PAGE 02 OF 03 SECSTATE WASHDC 6553 DTG: 271036Z OCT 81 PSN: 045730

AGRICULTURAL DEVELOPMENT; COMMODITIES, TRADE AND INDUSTRIALIZATION, ENERGY; AND MONETARY AND-FINANCIAL ISSUES. THROUGHOUT THE MEETING THE DISCUSSION WAS PRAGMATIC AND DIRECT, TOUCHING BOTH ON BROAD APPROACHES AND FREQUENTLY ON SPECIFIC DETAILS. THESE DISCUSSIONS MADE CLEAR THE POLITICAL WILL OF ALL PARTICIPANTS AT CANCUN TO MOVE FORWARD AND TO TAKE ACTION.

FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

DISCUSSIONS ON THIS TOPIC INDICATED SEVERAL GENERAL AREAS OF UNDERSTANDING AND SHARED VIEWPOINTS REGARDING THE FOLLOWING PRINCIPAL QUESTIONS:

- PERSISTENT AND WIDESPREAD MANIFESTATIONS OF HUNGER ARE ENTIRELY INCOMPATIBLE WITH THE LEVEL OF DEVELOPMENT ATTAINED BY THE WORLD ECONOMY, AND, IN PARTICULAR, WITH EXISTING FOOD PRODUCTION CAPACITY. WITHIN AS BRIEF A PERIOD AS POSSIBLE, HUNGER MUST BE ERADICATED. THIS OBJECTIVE IS CLEARLY AN OBLIGATION OF THE INTERNATIONAL COMMUNITY AND CONSTITUTES A FIRST PRIORITY BOTH AT THE NATIONAL LEVEL AND IN THE FIELD OF INTERNATIONAL COOPERATION.

- SUSTAINED AND LONG-TERM INTERNAL EFFORT ON THE PART OF THE DEVELOPING COUNTRIES TO ATTAIN INCREASING SELF-SUFFICIENCY IN FOOD PRODUCTION IS THE BASIC ELEMENT IN OBTAINING A REAL ANSWER TO THE PROBLEM OF HUNGER. NEVERTHELESS, THIS EFFORT REQUIRES TIMELY AND SUFFICIENT INTERNATIONAL TECHNICAL AND FINANCIAL SUPPORT IN COORDINATION WITH INTERNAL POLICIES AND STRATEGIES.

- FIRST, DEVELOPING COUNTRIES SHOULD DEFINE AND PUT INTO OPERATION, WITH THE AID OF AMPLE AND EFFECTIVE INTERNATIONAL SUPPORT, NATIONAL FOOD STRATEGIES COVERING THE ENTIRE CYCLE OF FOOD PRODUCTION, PRODUCTIVITY, DISTRIBUTION AND CONSUMPTION, THAT INCLUDE EFFECTIVE ACTION FOR RURAL DEVELOPMENT, BY MEANS OF INCREASING INCOMES OF FOOD PRODUCERS, WHICH, PARADOXICALLY, ARE THE ONES MOST AFFECTED BY HUNGER.

- FOOD AID SHOULD BE SEEN AS A TEMPORARY TOOL IN EMERGENCY SITUATIONS. SUCH SITUATIONS COULD WELL CONTINUE TO EXIST -PERHAPS UNFORTUNATELY AT AN EVEN HIGHER SCALE- OVER THE NEXT YEARS; BUT FOOD AID SHOULD NOT BE USED AS A PERMANENT REPLACEMENT FOR THE NECESSARY DEVELOPMENT OF THE REQUIRED FOOD PRODUCTION IN DEVELOPING COUNTRIES THEMSELVES.

- THE RATE OF POPULATION GROWTH IN SOME COUNTRIES LEADS TO INCREASES IN FOOD DEMAND THAT ARE DIFFICULT TO MEET.

THE EXPERIENCE OF A CERTAIN NUMBER OF COUNTRIES HAS SHOWN THAT DEVELOPMENT OF A POPULATION POLICY AIDS IN SOLVING SOME OF THE MOST ACUTE ASPECTS OF THE FOOD PROBLEM.

- THE WORKINGS OF INTERNATIONAL AGRICULTURAL AND FOOD ORGANIZATIONS OPERATING WITHIN THE FRAMEWORK OF THE UNITED NATIONS NEED TO BE REVIEWED IN ORDER TO AVOID DUPLICATION OF WORK, TO USE AVAILABLE RESOURCES MORE EFFECTIVELY AND TO IMPROVE THEIR GENERAL EFFICIENCY.

A NUMBER OF OTHER POINTS WERE MENTIONED DURING THE COURSE OF THE DEBATE. AMONG THE MORE IMPORTANT WERE THE FOLLOWING:

- A LONG-TERM PROGRAM GEARED TO THE ERADICATION OF HUNGER BY THE YEAR 2000 SHOULD BE PREPARED, INCLUDING ELEMENTS-

OF BOTH INTERNAL EFFORT AND INTERNATIONAL COOPERATION.

- A NUMBER OF STEPS COULD BE TAKEN TO IMPROVE THE EFFECTIVENESS OF FOOD SECURITY MECHANISMS. AMONG THESE ARE THE NEGOTIATION OF A NEW INTERNATIONAL GRAINS AGREEMENT; COORDINATION OF NATIONAL FOOD RESERVES; EXPANSION OF THE INTERNATIONAL EMERGENCY FOOD RESERVE, INCREASING THE PREDICTABILITY AND CONTINUITY OF CONTRIBUTIONS TO IT; ESTABLISHMENT OF RESERVES SUFFICIENT TO COVER THE FOOD SECURITY NEEDS OF DEVELOPING COUNTRIES, ESPECIALLY THE LEAST DEVELOPED.

- TASK FORCES COULD BE SENT FROM DEVELOPED TO DEVELOPING COUNTRIES, IN ORDER TO ASSIST THE LATTER IN DEVELOPING AND IMPLEMENTING AGRICULTURAL PROGRAMS AND EFFECTIVELY DISSEMINATING HIGH-PRODUCTIVITY AGRICULTURAL TECHNIQUES.

- INTERNATIONAL TRADE CONDITIONS ALSO EXERT A CONSIDERABLE INFLUENCE ON THE AGRICULTURAL AND FOOD SITUATION OF

DEVELOPING COUNTRIES. TRADE BARRIERS RAISED AGAINST AGRICULTURAL PRODUCTS HINDER THE GROWTH OF AGRICULTURAL ACTIVITY AND THE ACHIEVEMENT OF FOOD SECURITY OBJECTIVES.

- THE RECENT SETTING UP OF A "FOOD FACILITY" WITHIN THE COMPENSATORY FINANCING SCHEME IN THE INTERNATIONAL MONETARY FUND CONSTITUTES AN IMPORTANT STEP. IN THE FUTURE, HOWEVER, IT WOULD BE NECESSARY FOR THE RESOURCES ALLOCATED AND THE TERMS OF ACCESS TO THOSE RESOURCES TO BE MORE COMPATIBLE WITH THE NEEDS OF FOOD-IMPORTING DEVELOPING COUNTRIES.

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) REQUIRES PROMPT REPLENISHMENT OF ITS RESOURCES SO THAT IT MAY CONTINUE ITS OPERATIONS WITHOUT INTERRUPTION.

COMMODITIES, TRADE AND INDUSTRIALIZATION

PARTICIPANTS ADDRESSED A RANGE OF PROBLEMS UNDER THIS ITEM.

NOTING THE SLOW PROGRESS IN IMPLEMENTING THE UNCTAD INTEGRATED PROGRAM FOR COMMODITIES, PARTICULARLY IN

THE NEGOTIATION OF NEW COMMODITY AGREEMENTS, THEY AGREED ON THE NEED TO COMPLETE PROCEDURES FOR BRINGING THE COMMON FUND INTO OPERATION. BECAUSE EARNINGS FROM COMMODITY EXPORTS ARE OF FUNDAMENTAL IMPORTANCE TO THE ECONOMIC GROWTH AND STABILITY OF DEVELOPING COUNTRIES, A RANGE OF POSSIBLE APPROACHES WAS SUGGESTED INCLUDING MORE INTENSIVE EFFORTS TO NEGOTIATE EFFECTIVE INTERNATIONAL AGREEMENTS TO STABILIZE COMMODITY PRICES, AND OTHER MEASURES AIMED AT STABILIZING DEVELOPING COUNTRY EARNINGS FROM COMMODITY EXPORTS.

- THE NEED TO IMPROVE THE GENERALIZED SYSTEM OF PREFERENCES FOR DEVELOPING COUNTRIES WAS ALSO RECOGNIZED, AS WELL AS THE NEED FOR CONTINUED EFFORTS ON THE PART OF GOVERNMENTS TO RESIST PROTECTIONIST PRESSURES.

- SEVERAL PARTICIPANTS NOTED THE CONTRIBUTION WHICH THE PROPOSED GATT MINISTERIAL MEETING IN 1982 COULD MAKE TO ADDRESSING TRADE PROBLEMS OF DEVELOPING COUNTRIES, INCLUDING BARRIERS TO TRADE IN AGRICULTURE AND OBSTACLES TO THE FURTHER PROCESSING OF THEIR RAW MATERIAL EXPORTS.

- A NUMBER OF PARTICIPANTS REFERRED TO THE IMPORTANCE OF INDUSTRIALIZATION OF DEVELOPING COUNTRIES AND THE

UNCLASSIFIED

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
MESSAGE CENTER

PAGE 03 OF 03 SECSTATE WASHDC 6553 DTG: 271936Z OCT 81 PSM: 045730

CONTRIBUTION WHICH INCREASED TRADE COULD MAKE TO THIS OBJECTIVE. RESTRUCTURING OF DEVELOPED COUNTRY INDUSTRIES WAS IDENTIFIED AS BEING RELEVANT TO THIS OBJECTIVE, AS WAS A POSITIVE RESULT FROM THE RENEGOTIATION OF THE MULTIFIBRE ARRANGEMENT.

- SEVERAL SUGGESTIONS WERE NOTED FOR IMPROVED INTERNATIONAL FINANCIAL COOPERATION. END QUOTE. HAIG

BT

- THE NEED TO HELP DEVELOPING COUNTRIES IMPROVE THEIR INFRASTRUCTURES, INCLUDING TRANSPORTATION AND STORAGE FACILITIES, WAS ALSO RAISED AND A PROPOSAL FOR MOBILIZING RESOURCES TO THIS END WAS PRESENTED.

ENERGY

- IT WAS RECOGNIZED THAT ENERGY IS ONE OF THE KEY PROBLEM AREAS OF THE 1980'S THAT MUST BE TACKLED SERIOUSLY AND-- URGENTLY. THE PROBLEM WAS CHARACTERIZED MORE AS-A GLOBAL ONE THAN AS PURELY A NORTH-SOUTH ISSUE.

- IN ORDER TO ENSURE AN ORDERLY TRANSITION FROM THE ERA OF HYDRO-CARBONS TO THE ERA OF DIVERSIFIED ENERGY SOURCES, THE PROPOSAL FOR A WORLD ENERGY PLAN AS A FRAMEWORK PROVIDING AN OVERALL APPROACH COVERING THIS COMPLEX PROCESS WAS RECALLED AND INTEREST EXPRESSED IN IT.

- THE POTENTIAL CONTRIBUTION OF REGIONAL ENERGY COOPERATION SCHEMES WAS ALSO POINTED OUT IN THE DISCUSSION.

- IT WAS ALSO RECOGNIZED THAT ENERGY CONSERVATION MUST BE PURSUED BY MAJOR OIL-CONSUMING COUNTRIES. DEVELOPMENT OF NEW AND RENEWABLE SOURCES OF ENERGY ALSO REQUIRED EMPHASIS, AS WAS AGREED AT THE RECENT NAIROBI CONFERENCE.

- EMPHASIZED IN THE DISCUSSION WAS THE SERIOUS PROBLEM DEVELOPING COUNTRIES FACE IN MEETING THEIR LARGE ENERGY IMPORT BILLS WHICH FOR MANY REPRESENT A GOOD PART-OF THEIR LIMITED FOREIGN EXCHANGE EARNINGS.

- THE NEED FOR INCREASED ENERGY INVESTMENT, FROM BOTH PRIVATE AND OFFICIAL SOURCES, IN DEVELOPING COUNTRIES WAS STRESSED. SUPPORT WAS EXPRESSED BY MANY PARTICIPANTS FOR EXPANDED ENERGY LENDING IN DEVELOPING COUNTRIES BY THE WORLD BANK AND, IN THIS RESPECT, THE ESTABLISHMENT OF AN ENERGY AFFILIATE WAS ADVOCATED.

- SOME PARTICIPANTS SUGGESTED THE NEED FOR BETTER EXCHANGE OF INFORMATION BETWEEN ENERGY PRODUCING AND CONSUMING COUNTRIES IN ORDER TO FACILITATE LONG-TERM ENERGY PLANNING.

MONETARY AND FINANCIAL ISSUES

- PARTICIPANTS REVIEWED THE FINANCIAL IFFICULTIES BEING EXPERIENCED BY DEVELOPING COUNTRIES WITH REGARD TO THEIR BALANCE OF PAYMENTS DEFICITS, THEIR DEBT SERVICE BURDEN AND THEIR DEVELOPMENT FINANCING NEEDS.

- THEY DISCUSSED CONDITIONS OF ACCESS BY DEVELOPING COUNTRIES TO THE VARIOUS SOURCES OF FINANCING AND THE ROLE OF THE RELEVANT MULTILATERAL INSTITUTIONS, IN PARTICULAR THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK, IN THE LIGHT OF THE CURRENT ECONOMIC AND FINANCIAL PROBLEMS FACING DEVELOPING COUNTRIES.

- POINTS RAISED BY SOME PARTICIPANTS IN THE DISCUSSION INCLUDED THE IMPACT OF HIGH INTEREST RATES, THE CREATION AND DISTRIBUTION OF LIQUIDITY AND ROLE OF THE SDR AS A MAIN RESERVE ASSET AND IN FINANCING DEVELOPMENT, IMF CONDITIONALITY, THE DECISION-MAKING PROCESS IN THE INTERNATIONAL FINANCIAL INSTITUTIONS, ACCESS TO CAPITAL MARKETS AND THE RESPECTIVE ROLE OF PRIVATE AND OFFICIAL SOURCES OF EXTERNAL CAPITAL IN DEVELOPMENT FINANCING.

UNCLASSIFIED

SPECIAL REPORT

Foreign Media Reaction

October 26, 1981

RESULTS OF THE CANCUN SUMMIT

Cancun

Summary

Media around the world prominently reported the 22-nation summit in Mexico as an extraordinary effort of rich and poor nations to find a way to discussion and ultimately to negotiation of economic issues that divide them.

Most commentators judged these results to be meager.

President Reagan's participation and his speech at the opening session were treated as central to the practical value of holding such a gathering at all, and his statements were seized upon by commentators worldwide as signaling U.S. "softening" in favor of future discussions.

However, the four conditions he set to precede so-called "global negotiations" were generally seen to reinforce an American stand in favor of trade-not-aid and self-help prescriptions for underdeveloped nations which had hoped for new aid initiatives from the North to help the South advance economically.

At the end, the conference mood of cooperation and friendly concern for the troubles of others was sustained by general agreement among editors that Mr. Reagan had agreeably surprised delegates with a successful show of sympathetic interest, "flexibility" and qualified endorsement of future talks.

Still, some harbored suspicions that the U.S. "gesture of compromise" had been somewhat motivated by fear of isolation and disruptive confrontation.

Furthermore, many third world observers were not comforted by talk of future meetings when they judged that their old problems and immediate needs had not been directly addressed at the conference.

Meanwhile, some analysts reviewing the world's economic ills pointedly, called attention to the fact that while the United States had plunged into the conference forum, "the USSR preferred to stay home and attack the West from Moscow."

* * * * *

International Communication Agency

1. The U.S. position as seen in President Reagan's Cancun speech served to further a North-South dialogue, even though U.S. commitment to "global negotiations" did not appear to be firm.

"Reaction Generally Positive"

West German headlines on October 26 said the Summit paved the way for "global negotiations" within the U.N. framework, that reaction to the outcome was "generally positive" and that President Reagan was "the star" of the sessions.

"Many Tokens of Compromise"

Conservative Frankfurter Allgemeine judged on October 26 that "the debates in Cancun (seemed) fruitful. There were many tokens of readiness for compromise and the will to cooperate prevailed. The idea of interdependence was recognized..." The paper's correspondent in Cancun wrote October 26 that the Summit produced the desired compromise on global negotiations within the U.N. framework. She said that all delegations were satisfied with the "spirit of Cancun."

"Reagan Accepted 'Global Negotiations'"

In France, conservative Figaro of Paris on October 24 ran a correspondent's view that "Ronald Reagan accepted the resumption of 'global negotiations.'...The meeting achieved progress..."

"Reagan's Step Forward at Cancun"

Pro-Socialist Le Matin of Paris held October 24 that "the Cancun Summit achieved a positive step. The United States accepted the principle of 'global negotiations' with, it is true, a series of conditions risking the dashing of hopes..."

"It is undeniable, however, that between the speech made a few days ago in Philadelphia by Ronald Reagan, and the step forward in Cancun, there is nevertheless a notable evolution..."

"Most Important: Reagan's Cautious Support for Negotiation"

Financial Nouveau Journal of Paris observed October 24 that "although concrete solutions were not expected, the Cancun summit allowed some progress....The most important element, the most unexpected also, has been the cautious support of Ronald Reagan for a 'preparatory process' toward 'global negotiations.'"

"Reagan Breakthrough"

Liberal Catholic La Croix on October 24 ran a byliner's view that "while President Reagan repeated his faith in private enterprise... he also made a breakthrough in Cancun which the French delegates did not fail to note....In committing themselves to...negotiations the Americans do not commit very much. But the success of the Summit is already the fact that discussions between North and South have begun..."

"Reagan Ready for Dialogue"

In West Germany, leading conservative Frankfurter Allgemeine on October 24 ran the report of correspondent Karola Kaps that "for the first time since the Ottawa conference, President Reagan indicated readiness for a dialogue with developing countries and within the U.N. framework. However, the United States calls for precise identification of the areas that hamper development and for joint efforts at eliminating them."

"Some Saw a Reagan 'Breakthrough'"

Middle-of-the-road La Suisse of Geneva on October 24 ran a Reuter report that "optimism reigns on this island off Mexico's Yucatan Peninsula after Thursday's statement by President Ronald Reagan... Mr. Reagan's remarks have met with an enthusiastic reception, some even calling them a 'breakthrough.'"

South Korea: "Reagan Posture Heartened World Leaders"

English-language Korea Herald on October 24 said of President Reagan's posture toward the poor countries that it "heartened" the Cancun Summit. The paper cited conference sources as saying that world leaders on the second day were "buoyed" by the prospect of reopening the stalled dialogue between rich and poor nations.

Brazil: "Gap Narrowed a Little"

Independent conservative Jornal do Brasil said October 24 that after President Reagan's speech, the gap between the U.S. position and that of the developing countries was narrowed "a little," because "it was clear" that the United States had accepted the idea of negotiations.

"Hinted at Global Negotiations"

Leftist La Repubblica of Rome said October 23: "Reagan arrived 15 minutes late and the delay certainly was not devoid of political significance....He threw some cold water on expectations of more U.S. flexibility...but hinted that the United States is inclined toward global negotiations as he promised in Ottawa. This naturally has a positive meaning but it is a very small thing for the moment..."

Philippines: "U.S. Offers a Glimmer of Hope"

Manila's independent Bulletin Today on October 26 cited President Marcos as saying "the U.S. stand against global negotiations has mellowed, making possible its reluctant decision to throw the matter to the U.N." The paper added that the U.S. decision "offers a glimmer of hope that there would eventually be a meeting between the rich and poor countries to resolve their conflict and lead the way to a new international economic order."

2. The perceived "softening" of the U.S. line on foreign aid and show of "flexibility" prevented a confrontation and contributed to a mood of cooperation and good will.

"Remarkable That Confrontation Did Not Take Place"

Conservative Die Welt of Bonn on October 24 carried Washington correspondent Thomas Kielinger's report that "the North-South summit reflected great readiness for cooperation. Remarkable was the fact that the expected confrontation between the United States and the developing countries did not take place."

"A Spirit of Cancun"

In Paris, leftist Liberation's correspondent in Cancun asked October 24, "Will anyone talk of the spirit of Cancun? Lacking concrete decisions, the beginning of a dynamic...could indeed be the only tangible result of the meeting....It is, however, necessary to wait for a better assessment, to wait for the conclusions drawn by the undeniable star of this summit, Ronald Reagan..."

"Agreement Thanks to Reagan Initiative"

Among Italian headlines October 24 were "Reagan Avoided Clash... Defuses Cancun Bomb" (Corriere della Sera, Milan), "Reagan Line Wins" (Il Giornale, Milan) and "Thanks to Reagan's Initiative There Is Agreement" (Il Tempo, Rome).

"There Is a Spirit of Cancun"

A correspondent for Italy's Socialist-leaning GR-1 radio declared October 24, "We can now say that there is a 'spirit of Cancun.'"

"Compromise, Thanks to Reagan"

Correspondent Giorgio Torchia of conservative Il Tempo wrote from Cancun October 24 that "the chance of a North-South confrontation seems to have been averted....The conference succeeded at least in its main objective: it avoided a break....The compromise was made possible thanks to Reagan's willingness to meet the essential desire of the majority of the participants..."

"Cooperative Spirit Takes Edge Off Confrontation"

Switzerland's leading conservative Neue Zuercher Zeitung on October 24 ran a special correspondent's report that "although any judgment of the outcome of the conference would be premature, it is clear that the friendly, cooperative spirit that has prevailed has already --whatever firm results may emerge--done much to take the sharp edge off the confrontation between industrialized and developing countries, especially between the United States and the latter, which has existed since the failure of U.N. negotiations."

Mexico: "U.S. Showed Unexpected Flexibility"

Independent nationalist Universal of Mexico City said October 24 said that "the conference broke the barrier of skepticism about the likelihood of the leaders' accepting their responsibilities for the world situation. The United States showed unexpected flexibility."

Japan: "Surprise at Reagan's Positive Dialogue Policy"

Tokyo's moderate Mainichi on October 22 ran a Cancun correspondent's report that "the Summit participants from both the North and South have expressed surprise at President Reagan's positive dialogue policy because there was a growing impression that the United States was taking a negative posture on the North-South problem."

Ivory Coast: "Reagan Victory in Demonstrating Flexibility"

In Abidjan on October 26, Fraternite-Matin wrote that the Cancun Summit ended "with an agreement of general willingness to initiate urgent global negotiations between the two parts of the world separated by the line of misery....In accepting a conditional

separated by the line of misery....In accepting a conditional deviation from the principle that each problem should be treated separately, and preferably in the context of 'free enterprise,' President Ronald Reagan has pulled off a considerable victory in demonstrating his flexibility."

3. The U.S. "gesture of compromise" may have been largely motivated by fear of isolation and confrontation.

"Reagan Isolated, Joined the Others"

Independent Westdeutsche Allgemeine of Essen observed October 24 that "President Reagan, isolated in some respects, obviously had an open ear for the general mood. Although with some reservations, he joined the others in taking the view that world problems of poverty and underdevelopment must be coped with worldwide and with the participation of all concerned."

"U.S. Aware of Being Target of Criticism"

Leftist La Repubblica of Rome's correspondent Sandro Viola declared October 24, "America came to Cancun aware of being a target of much criticism, but also aware that no accord or decision could be made without its assent."

"Thus a little softening of Reagan's line...was enough for people to say that a miracle happened and the American stance had changed. It did not really change, at least not to a great extent. But it was enough to make the participants choose compromise rather than confrontation."

"A Gesture at Compromise to Deflect Criticism"

Correspondents Nicholas Ashford and Melvyn Westlake wrote in the Times of London October 23 that a "gesture at a compromise" they said the President made in addressing the opening session "was an attempt to deflect criticism from many third world as well as some developed nations that Washington was dragging its feet on matters relating to development of economic relations between world's rich and poor countries..."

"Isolation May Have Led to New Reagan Commitment"

In the October 23 liberal London Guardian, correspondents Alex Brummer and Alma Guillermoprieto held that "President Reagan gave in to the demands of the developing countries for a set of 'global negotiations' on the problems of poverty and energy in the third world...His unexpected decision came...at the opening...."

"The change in Britain's decision...left the Americans isolated and may have been largely responsible for President Reagan's new commitment."

"U.S. Concern to Avoid Isolation"

A foreign affairs reporter wrote October 22 in economic Les Echos of Paris: "The most serious threat is the open conflict between the conceptions of development of Ronald Reagan's America...and of the developing countries....Concern to avoid an isolation dangerous for its prestige has caused the United States to let it be known that it could accept a compromise..."

4. The third world's old problems were not being directly addressed so they will continue.

"U.S. Position Has Not Changed One Iota"

Independent Quotidien of Paris said October 24, "Reagan did not acknowledge that 'global negotiations' are an absolute necessity. As in Ottawa, he clarified that the United States will participate in a 'more formal dialogue' only under four conditions....In short, long life to 'global negotiations' on the condition naturally that they not become global negotiations....The U.S. position has not changed one iota since Ottawa."

India: "Agreement Only on Superficialities"

A correspondent for the independent Hindustan Times of New Delhi said on October 26, "The North-South Summit ended by demonstrating what every schoolboy is taught in geography class--that North and South are poles apart....The truth is that the Summit produced agreement only on superficialities, while disagreement persisted on basic issues."

Philippines: "Reagan Program Rejects Third World Call"

The pro-Government Daily Express of Manila said October 24, "President Reagan told the Cancun economic summit that the United States is ready to begin a dialogue with poor nations to develop specific programs to help combat their poverty and hunger. The specific program envisioned by Reagan, however, rejects the third world's call for a new economic order."

Singapore: "Free Trade Means Abolition of Protectionist Measures"

In the Straits Times of Singapore a columnist wrote October 24: "...In Mr. Reagan's view, some countries of the third world can only lift themselves out of chronic poverty by allowing free enter-

prise, private investment and trade to operate....Private capital is not in the least interested in infrastructure, roads, bridges, telecommunication or agriculture on which most growing economies in the third world must be based.

"And the advocacy of free trade is spurious unless those who uphold this laudable principle apply it also to their own economic systems. This means the abolition of protectionist measures like import quotas, high tariffs or non-tariff barriers..."

Bangladesh: "Reagan's Lessened Emphasis on Aid Is Negative"

The New Nation of Dacca said October 23, "Reagan's well-intentioned advice about developing private enterprise is quite appropriate... but his lessened emphasis on aid is negative in the sense that... the gap between the rich and poor nations is great. Without all-out cooperation and help from the rich countries, the poor ones cannot expect to make headway..."

Mexico: "Reagan Toughness Most Discouraging"

Excelsior of Mexico City said October 24 that "as predicted, Ronald Reagan's position on global negotiations seemed tough, and this was really the most discouraging aspect of the Summit. The North is not willing to be flexible on global negotiations, as Reagan's position demonstrated. Thus, supporters of a new international economic order were worried about the Summit's results, and Lopez Portillo is the one who worries the most."

Argentina: "No Definite Results"

Left-leaning Clarín of Buenos Aires asserted October 24 that "the North-South dialogue produced no definite results and said that President Reagan had shut the door to global negotiations....For the time being there will be no well-planned international moves to extend the market to all corners of the world."

"U.S. Position Not Flexible Enough"

Middle-of-the-road Convicción said October 24 that the American position at Cancun "was not flexible enough to be considered as a way out of the crisis....The advantages of the system proposed by Reagan are far from apparent; rather, there is a trend toward an increasing recession. It is evident that after Cancun, more concrete efforts will be needed to find a solution."

"Demands Too Much of Aid-Seekers"

Switzerland's conservative Berner Zeitung on October 23 ran a correspondent's assertion that "Cancun is not the place for capitalist values to be 'sold' with missionary zeal....Urging free market principles is like offering rich food to a starving man..."

"Reagan will have to change his ideas. Just as he was not on the same wave length as the sociopolitical unrest in Central America, he has equally failed to view the North-South conflict in its true colors. To ask the aid-seekers first to recognize the rightness of a world order that has profited, and still profits, from the helplessness of others is really demanding too much."

"Did Nothing to Solve Economic Ills"

The nationally-circulated Australian wrote October 26 that "the dismal failure of the Cancun conference should be an object lesson to world leaders on how not to do things. Seven national world economic summits have done nothing toward solving the industrial world's economic ill, so it is scarcely surprising that the rich-poor talking shop set up in a lush Mexican resort should turn out to be such a flop..."

"It is significant that there were no businessmen or bankers at Cancun. Nor was the role of bankers and businessmen in transforming third world countries like Taiwan, Malaysia and Thailand into thriving economies properly examined by the Brandt Commission. Yet it is through expanded business and trade that the best hope for the world's poor lies."

United Arab Emirates: "Reagan Offer Loaded With Conditions"

The Gulf News of Abu Dhabi of October 26 emphasized that "one word would probably sum up the (Cancun Summit): disappointing....An unbending President Reagan confirmed at the Summit his virtual refusal to enter into global negotiations....His offer of bilateral and regional talks with the poor...was so loaded with conditions that the developing countries were dismayed that the Reagan plan would leave them just where they stood."

Kuwait: "An Instrument to Anesthetize the Third World"

The October 26 al-Rai al-Aam of Kuwait said, "The basic demand that comprehensive negotiations be held through the U.N....failed (to get approval) because of U.S. stubbornness....The North-South dialogue is no more than an instrument to anesthetize the third world and absorb its anger, and to keep the rich rich and the poor poor."

Japan: "Reagan in Effect Rejected Global Negotiations"

Japan's publicly financed NHK television said October 23 that President Reagan, in effect, had rejected global negotiations and that U.S. policy opposed the establishment of a new aid structure.

Indonesia: "No Miracle Will Be Forthcoming"

Jakarta's independent Sinar Harapan wrote October 23: "Generally, the advanced countries do not accept the arguments of the developing nations, although one or two show openmindedness as reflected by President Mitterrand of France. President Reagan, on the other hand, is even more closed to the views of developing countries than was his predecessor Carter....In any case, no miracles will be forthcoming."

Sudan: "Does the North Hear the Cry of the South?"

Al-Ayam of Khartoum asked October 22, "Does the North hear the cry of the South?....Rich countries are indebted to the poor countries, because the rich countries robbed the wealth and products of the poor countries without paying anything in return...until...independence.... The developed countries should lend a helping hand to those poor countries ten times over, because a favor is equal to ten times its face value. This help is a must, not a donation as the rich countries might think."

Nigeria: "Problems of Dependency and Powerlessness"

A byliner wrote in the October 22 Punch of Ibadan, "Hardliners like Reagan will preach the sermon that God helps those who help themselves....The problem of the impoverished world is one of dependency and powerlessness. It is not in a position to impose demands upon the industrialized world because it has been unable to realize its power. It is reduced to begging and the most it can expect is crumbs. The impoverished world must change its orientation to development and look inward, uniting to impose better international terms of trade."

Kenya: "Reagan Refuses to Recognize Causes of Poverty"

Nairobi's independent Nation said October 23 that "the American President refuses to recognize that the poverty besetting the South stems partly from inequalities at the marketplace itself where their raw materials are bought at absurdly low prices in relation to the prices of manufactured goods..."

Malaysia: "Developed Countries Playing With Stacked Deck"

The conservative New Straits Times of Kuala Lumpur judged October 22 that "the trouble is that in international economic legerdemain, the developed countries are playing with a stacked deck....It is easy to ask less developed countries to put their own houses in order before asking for handouts. But with what?....So spare us the sermons, be sparing on the arms, and spare the LDCs some hard cash."

Israel: "Developing Countries Will Not Like the Prescription"

An Israeli radio commentator on October 22 said, "Dr. Reagan's prescription for the poor countries...is austerity and free economy. And the developing countries are not likely to like that."

Zaire: "Still Responding to Needs of Rich Nations"

An assistant editor of Kinshasa's Salongo October 24 considered it "heartbreaking to see that although developing countries are now in the post-colonial era, the economic structures of most of them--especially the African countries--are based on responding to the needs of rich nations rather than to those of their own peoples. The fact that the third world countries are in the first stages of development should help them to make a common and cooperative effort."

5. The Soviet Union and its satellites revealed unwillingness and inability to help the developing nations cope.

"USSR Preferred to Stay Home"

Pro-Christian Democratic Bonner Rundschau said October 24, "It is important that there be discussions between the rich and the poor. That conclusion was drawn...by President Reagan after long hesitation, while the USSR preferred to stay home and attack the West from Moscow..."

"Soviets and Satellites Hide From Co-responsibility"

Independent Berliner Morgenpost observed October 23 that Moscow was "mocking" the conference and remarked that "this is no wonder because the Soviets and their satellites want to hide from co-responsibility for the third world."

Ecuador: "Moscow's Interest Limited to Proclamations"

In Quito, independent El Comercio judged October 22 that at Cancun "the attitude of the two great world powers certainly will determine the results of the North-South dialogue. For now, the position of the Soviet Union is known, since it rejected the Mexican invitation to attend the (summit), thereby showing that its interest in supporting the countries of the third world is limited to proclamations."

"Soviet Union Should Be the Whipping Boy"

Conservative Frankfurter Allgemeine said October 22: "The clear 'no' the United States gave to more development aid, to continuation of the global negotiation round and to other pet projects of the developing countries makes the U.S. delegation the whipping boy of this conference. But actually the whipping boy should be the absent Soviet Union. Moscow withdrew from development aid many years ago and now restricts itself to selling arms to the third world."

BRIEFING MATERIAL ON CANCUN

Cancun

Going Into Cancun

- U.S. laid out its policy carefully and deliberately in a series of speeches beginning with Secretary Haig's speech in the UN General Assembly on September 21, the President's speech before the World Bank/IMF meetings September 29, Secretary Regan's speech at the Bank meetings on October 1, and the President's speech in Philadelphia on October 15.
- In these speeches, U.S. focused on substantive issues affecting global economic growth and development and was silent on controversial symbolic issues such as Global Negotiations (GNs) and World Bank energy affiliate. In this way, U.S.
 - signaled that the substance of development was more important than the symbols of the political debate;
 - increased interest and uncertainty among other countries about what we would eventually say on the symbolic issues.
- U.S. position on the substantive issues emphasized
 - individual freedom and economic opportunity as the overall objectives of development;
 - record of achievement of countries that have permitted maximum economic opportunity and of the postwar international economic institutions (GATT, World Bank and IMF) which operate on market principles;
 - critical role of domestic policies;

- importance of open trade and investment systems, as well as aid, to economic development;
 - bilateral and regional approaches to problems as reflected in the Caribbean Basin Initiative;
 - practical non-polemical approach to the global dialogue.
- Warned that this position would cause confrontations at Cancun and that President's approach would be rejected.

What Actually Happened at Cancun

- The President's position of firmness and conviction made his presentation the center of attention, maximizing U.S. leverage and the role of the President's personal skills in communications and one-on-one diplomacy.
- The President's articulation of his substantive approach to development emphasizing private activities along with necessary public assistance was well received. It was recognized as both realistic and a proven approach to development. Consensus emerged in particular on
 - need to maintain and expand free trade;
 - importance of internal policy for agricultural development;
 - need for future balance overall between national and international efforts.
- Others were so eager to hear U.S. views on controversial symbolic issues that, when President set hardline conditions for U.S. participation in GNs, it was received as "a step forward," very constructive. Baffled in particular French

who had counted on confrontation between U.S. and the LDCs. The U.S. conditions included

- rejection of UN resolution as basis of dialogue and call for a new preparatory process;
 - absolute protection of specialized agencies;
 - an agenda for economic growth not redistribution of resources;
 - a spirit of cooperation not polemics.
- President enthusiastically engaged other leaders (exchange with Nyerre of Tanzania on agricultural development). Frank dialogue occurred, increasing mutual confidence and respect among the leaders.
- U.S. broke out of its isolation on GNs issue, bringing other countries, including important LDCs (India, Nigeria, Mexico, Yugoslavia), along on our most important conditions for global talks. Rejected in the 11th hour by LDCs that tend to take more radical position in UN fora (Algeria, Venezuela, Guyana).

Where to After Cancun

- The President is now recognized as concerned and principled leader on development questions.
- Final compromise on GNs committed U.S. to less than we were prepared to accept.
- Were ready to take next step of informal meetings in New York if our conditions had been met.
- Final compromise says nothing about the next step but simply reaffirms "desirability" of UN talks on a basis to be mutually agreed and in circumstances

offering the prospect of meaningful progress.

Last phrase in particular comes directly from the Ottawa Summit Communique where it was inserted by the U.S.

-- Following on the Ottawa Summit declaration, the U.S. has further clarified the conditions on which GNs could be productive and intends to pursue further bilateral consultations in New York to win agreement on these conditions.

-- Meanwhile U.S. will press ahead with its program of substantive actions in the specialized agencies and through our bilateral programs.

-- strong emphasis on free trade and inclusion of LDCs in the GATT Ministerial scheduled for November 1982;

-- articulation of our new policies toward the multilateral development institutions, particularly the World Bank, based on conclusions of the recent Treasury-led interagency study. Main elements of this policy include:

-- encouragement of countries such as India and Pakistan to draw less from the soft loan windows such as the International Development Association, leaving more money available for the poorer countries;

-- encouragement of graduation of other countries such as Brazil and Mexico from the hard loan windows of the multilateral banks to private

- . commercial markets, thereby leaving more resources in the hard windows for countries, such as India, maturing from the soft loan to the hard loan windows;
- encouragement of parallel or co-financing by the multilateral banks to maximize the flow of private resources along with public assistance.
- insistence of realistic conditionality in connection with of IMF loans;
- dispatch U.S. agricultural task forces to selected LDCs as announced by the President on his return from Cancun.

MEMORANDUM

5764

Bailey

NATIONAL SECURITY COUNCIL

UNCLASSIFIED
w/TOP SECRET ATTACHMENT

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S) *HC 5/19/96*

October 3 1981

INFORMATION

MEMORANDUM FOR RICHARD V. ALLEN
THROUGH: NORMAN BAILEY *NB/HW*
FROM: HENRY NAU *HN*
SUBJECT: Global Negotiations Working Paper

EVA HAS SEEN

You requested a working paper on Global Negotiations (GNs).
The attached paper (Tab A) succinctly presents

- specific issues involved in GNs
- U.S. positions
- other countries' attitudes
- present negotiating situation
- immediate issues
- U.S. options and decisions

Cancin

Attachments:
Tab A GNs working paper

UNCLASSIFIED
w/TOP SECRET ATTACHMENT

GLOBAL NEGOTIATIONS WORKING PAPER

Background

In December 1979 the UN General Assembly adopted Resolution 34/138 on "Global Negotiations relating to international economic co-operation for development" (Tab 1).

- In paragraph 1 of this Resolution, the General Assembly "decides to launch at its special session in 1980 a round of global and sustained negotiations on international economic co-operation for development...".
- In paragraph 5, inserted at the insistence of the United States and other industrial countries, the General Assembly "decides that the Committee of the Whole established under General Assembly Resolution 32/174 should act as the preparatory committee for these negotiations and propose all necessary arrangements... to enable the Assembly at its special session in 1980 to decide on an effective and prompt beginning of the global negotiations...".

Thus, the Resolution decides in one paragraph to launch Global Negotiations and in the other paragraph only to prepare to decide on these negotiations. At the time, the United States declared in a separate statement that these paragraphs "commit us all to the principle of Global Negotiations; however, the beginning of these negotiations is subject to satisfactory and mutually acceptable completion of the preparatory process." The United States accepted the concept but not any specific definition or content for Global Negotiations (GNs).

The preparatory process was to deal with content, specifically the procedures, the time-frame, and the agenda for GNs. To date, no agreement has been reached. In May 1981 the United States

proposed that the preparatory process be suspended until after Cancun.

Two issues have dominated:

- the procedural issue of the relationship of GNs to the specialized agencies (GATT, IMF, IBRD)
- the specific agenda items

Procedures

At the time Resolution 34/138 was adopted, the United States stated that the Gns "should not alter the respective role and powers of the various organizations of the UN system that are spelled out in their relationship agreements with the United Nations, nor [should] it change the recommendatory nature of UNGA resolutions and decisions as established in the Charter."

The latest texts (Tab 2) from the preparatory talks call for a three-phased process of negotiations.

- In the first phase, the GNs "establish objectives for and provide guidance on the agenda items...". The United States objects to this wording because the GNs could thereby prejudice negotiations in the specialized agencies.
- In the second phase, the specialized agencies carry out their negotiations. The United States has no problems with this phase.
- In the third phase, the GNs "will receive the results from the specialized fora and ad hoc groups within the indicated timeframe, with a view to concluding the Global Negotiations with a package agreement." The United States objects strongly to this phase because it gives GNs the authority to renegotiate, override or send back the results of negotiations in the specialized agencies.

Agenda

In paragraph 2 of Resolution 34/138, the General Assembly agreed that the GNs would "include major issues in the field of raw materials, energy, trade, development, money and finance."

At the time, the United States made

"unambiguously clear that there are certain subjects that can be, and in fact must be negotiated in the appropriate fora. International monetary issues must be negotiated in the International Monetary Fund; GATT matters must be negotiated in the GATT."

From the beginning, therefore, the United States insisted that the agenda be focused and limited to a few priority issues of mutual concern and that the agenda be neutrally worded.

The present texts (Tab 3) contain numerous phrases in the chapeau and operative paragraphs that are unacceptable to the United States:

- The GNs would "not be precluded from taking up any issues relating to the restructuring of international economic relations."
- Many of the items limit the applicability of potential benefits to developing countries.
- Others address topics such as increasing commodity earnings, SDR allocations, indexing of financial assets, etc., which the United States seeks to exclude.

Negotiating Situation

At the end of the 11th Special Session in August 1980, the United States, UK and Germany opposed the launching of GNs under the terms and conditions existing at that time. By the end of June 1981, the UK and Germany had changed their formal position, joining a unanimous EC declaration that "the preparations for the new round of Global Negotiations

should be completed as soon as possible" and that "a positive impetus... be given to this effect by the Summit conferences in Ottawa and Cancun."

The United States appears to be isolated. But the situation is more complicated. The UK and Germany continue to express privately grave skepticism about GNs. They have aligned themselves with the others, partly out of concern that the United States would reject the whole concept of GNs. The compromise achieved at the Ottawa Summit alleviated some of this concern. The United States declared itself, together with the others, "ready to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress." In effect, this declaration did no more than repeat the U.S. acceptance of GNs "in principle" stated initially at the time Resolution 34/138 was adopted. But the United States got credit in many quarters for a change in position because many countries expected much worse.

Uncertainty about U.S. intentions best describes the atmosphere since Ottawa and the Cancun Preparatory Meeting in August. Some countries expect the United States to return to GNs in order to avoid a confrontation at Cancun. Others continue to be nervous, particularly when they note that recent speeches by the Secretary of State and the President do not mention GNs. Still others may, themselves, be losing interest in GNs and privately hope that the United States will hold firm in opposing GNs (see Tab 4). Finally, some may be resigned to U.S. opposition, recognizing that they will have to live with this fact whether they like it or not.

This uncertainty gives the United States some maneuvering room and perhaps negotiating leverage. If other countries were certain that we would not return to the preparatory talks, they might use Cancun to confront the United States. If, on the other hand, they were certain that we would return, they would be willing to offer nothing in return.

The Immediate Issue

The practical issue facing the United States is whether to return to the preparatory talks in the UN General Assembly in New York after Cancun. The Second Committee has set aside six weeks to discuss GNs beginning in early November. This practical issue is fused in the minds of some countries with the symbolic question of support for the concept of GNs. They believe that the United States, by stalling on the practical issue, is seeking to scuttle the concept of GNs. This concept, to most developing countries, means two things: 1) some form of negotiation, not simply dialogue or consultation, on multiple issues (a reaction to the purely recommendatory nature of UNGA, COW or Special Session discussions and ^{the} single issue focus of the specialized agencies), negotiation in a universal, one nation-one vote forum (a reaction to more limited fora such as the Conference on International Economic Cooperation which met from 1975-77 and the weighted voting rules of the specialized agencies).

Decisions

The Administration faces ^{four} ~~two~~ decisions:

1. Does it reaffirm U.S. acceptance of GNs "in principle" as the United States stated at the time Resolution 34/138 was passed?

Pro

- consistent with U.S. position since beginning.
- may dispel some concern and opposition of other countries by separating our acceptance of symbolism in GNs from our continuing opposition to the practical terms and conditions for GNs.

Con

- no need for GNs
- take heat now rather than later (avoid a second LOS)

2. If answer to 1 is yes, what precisely does the United States mean by concept of GNs?

- a. negotiations and universality (two conditions noted above)

Pro

- agrees with majority view among LDCs

Con

- accepts negotiations outside the specialized agencies

- b. dialogue and consultations in universal forum but negotiations only in specialized agencies

Pro

- affirms U.S. view of role of UNGA and specialized agencies

Con

- reject what many LDCs believe GNs are all about

3. Does the United States return to preparatory talks in the UNGA?

Pro

-- would spell "success" at Cancun as many countries define success

Con

-- could appear as though U.S. caved

4. If answer to 4 is yes, on what terms does U.S. return?

a. no prior conditions but seek better terms once talks resume

Pro

-- will be interpreted most favorably by LDCs

Con

-- resumes a stalemated and sterile dialogue

b. prior conditions agreed to by the Cancun countries in some form as a basis for resuming universal discussions

Pro

-- maximizes U.S. leverage to structure discussions in our interests

Con

-- requires negotiating some form of agreement before, at or immediately after Cancun

Prior Conditions

The State Department has been developing a list of conditions. These are considered to be bottom line conditions. Thus, if the United States proceeded to bargain for these conditions, it would need to add some "ringers" which might be negotiated away. Two agreements would be sought:

1. The United States would state that we cannot accept global negotiations as presently constituted, but that we would agree to resume discussions at the UNGA about modalities for a dialogue, including possible negotiations in the UN (implies possibility of eventual acceptance of 2a above, that is negotiations outside the specialized agencies) in exchange for acceptance by the Cancun heads of state or government of the following:
 - a. that their delegations to these discussions will support procedures to protect the competence, functions and powers of the specialized agencies and fora (IMF, GATT, IBRD, etc.)
 - b. that the Charter of the United Nations and the agreements between the UN and the specialized agencies and fora for the UN system will be respected
 - c. that old negotiations texts be put aside, that fresh approaches be brought to the table, and that a spirit of shared responsibility for a better future prevail
 - d. that the discussions focus on the acceleration of economic growth and worldwide economic issues of common concern such as trade, investment, food, energy and more effective use of bilateral and multilateral aid
 - e. that their delegations will support an agenda which addresses a limited number of priority global issues
 - f. that their delegations support the holding of these discussions outside New York in Paris, Geneva or Rome

2. The United States would obtain agreement of the Cancun heads of state or government that their personal representatives from capitals will meet from time to time starting in January 1982 in order to:
 - a. review the progress of universal talks
 - b. ensure that existing economic institutions pursue a work program that responds adequately to the priorities identified at Cancun
 - c. consult on other matters of common interest including inter alia the advisability of convening subsequent meetings

Tab 1

UN General Assembly Resolutions 34/138 ~~XXXXXXXXXX~~ on Global Negotiations

34/138. Global negotiations relating to international economic co-operation for development

Date: 14 December 1979
Adopted without a vote

Meeting: 104
Draft: A/34/L.55

The General Assembly,

Recalling its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation, which lay down the foundations for the establishment of the new international economic order,

Noting with deep concern that, despite the great efforts made by many countries, especially the developing countries, at a large number of meetings and international conferences aimed at the establishment of the new international economic order, only limited progress has been achieved,

Considering the report of the Committee of the Whole Established under General Assembly resolution 32/174, 81/

Taking note of the important resolution adopted at the Sixth Conference of Heads of State or Government of Non-Aligned Countries, held at Havana from 3 to 9 September 1979, on global negotiations relating to international economic co-operation for development, 82/

Emphasizing the imperative need to establish a new system of international economic relations based on the principles of equality and mutual benefit as also to promote the common interest of all countries,

Stressing that the establishment of such a new system calls for bold initiatives and demands new, concrete, comprehensive and global solutions going beyond limited efforts and measures intended to resolve only the present economic difficulties,

Urging all countries to commit themselves effectively to achieving, through international negotiations and other concerted action, the restructuring of international economic relations on the basis of the principles of justice and equality in order to provide for steady economic development, with due regard to the development potential of developing countries,

Emphasizing that such global negotiations must take place within the United Nations system,

Reaffirming in this context the central role of the General Assembly,

1. Decides to launch at its special session in 1980 a round of global and sustained negotiations on international economic co-operation for development, such negotiations being action-oriented and proceeding in a simultaneous manner in order to ensure a coherent and integrated approach to the issues under negotiation;

2. Agrees that such negotiations should:

(a) Take place within the United Nations system with the participation, in accordance with the procedures of relevant bodies, of all States and within a specified time-frame without prejudice to the central role of the General Assembly;

(b) Include major issues in the field of raw materials, energy, trade, development, money and finance;

81/ Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 34 (A/34/34).

82/ See A/34/542, annex, sect. VI B.

(c) Contribute to the implementation of the international development strategy for the Third United Nations Development Decade;

(d) Contribute to the solution of international economic problems, within the framework of the restructuring of international economic relations, and to steady global economic development, in particular the development of developing countries, and, to this end, reflect the mutual benefit, the common interest and the responsibilities of the parties concerned, taking into account the general economic capability of each country;

3. Further agrees that these negotiations should not involve any interruption of, or have any adverse effect upon, the negotiations in other United Nations forums but should reinforce and draw upon them;

4. Agrees that the successful launching and ultimate success of global negotiations require the full commitment of all participants to careful and thorough preparations, including efficient procedures for the negotiations;

5. Decides that the Committee of the Whole Established under General Assembly Resolution 32/174 should act as the preparatory committee for these negotiations and propose all necessary arrangements worked out in accordance with its established procedures 81/ to enable the Assembly at its special session in 1980 to decide on an effective and prompt beginning of the global negotiations, and further decides that the Committee should submit to the Assembly at its special session its final report containing its recommendations on the procedures, the time-frame and detailed agenda for the global negotiations, taking into account paragraphs 1 to 4 above.

VON WECHMAR TEXTS OF DECEMBER 14, 1980

Procedures

1. FOR THE PURPOSE OF THE GLOBAL NEGOTIATIONS, THE THIRTY-FIFTH SESSION OF THE GENERAL ASSEMBLY DECIDES TO CONVENE A UNITED NATIONS CONFERENCE FOR GLOBAL NEGOTIATIONS ON INTERNATIONAL ECONOMIC CO-OPERATION FOR DEVELOPMENT.

2. THE CONFERENCE SHOULD HAVE UNIVERSAL PARTICIPATION, AT A HIGH POLITICAL LEVEL, AND WILL BE THE FORUM FOR CO-ORDINATING AND CONDUCTING THE GLOBAL NEGOTIATIONS WITH A VIEW TO ENSURING A SIMULTANEOUS, COHERENT AND INTEGRATED APPROACH TO ALL THE ISSUES UNDER NEGOTIATION. THE CONFERENCE SHOULD RESULT IN A PACKAGE AGREEMENT.

3. FOR THE PURPOSE OF FACILITATING THE GLOBAL NEGOTIATIONS, THE CONFERENCE WILL, IN THE INITIAL PERIOD WHICH SHOULD NOT EXCEED EIGHT WEEKS, ESTABLISH OBJECTIVES FOR AND PROVIDE GUIDANCE ON THE AGENDA ITEMS OR PARTS THEREOF.

4. THE CONFERENCE WILL ENTRUST SPECIFIC AGENDA ITEMS OR PARTS THEREOF TO SPECIALIZED FORA WITHIN THE UNITED NATIONS SYSTEM IN ACCORDANCE WITH THEIR COMPETENCE ON TO SUCH AD HOC GROUPS AS IT WILL CREATE. THE CONFERENCE WILL INDICATE THE TIME-FRAME FOR THESE NEGOTIATIONS.

5. THE CONFERENCE WILL RECEIVE THE RESULTS FROM THE SPECIALIZED FORA AND AD HOC GROUPS WITHIN THE INDICATED TIME-FRAME, WITH A VIEW TO CONCLUDING THE GLOBAL NEGOTIATIONS WITH A PACKAGE AGREEMENT.

6. IN FULLY DISCHARGING ITS MANDATE AND FULFILLING ITS ROLE, THE CONFERENCE WILL NOT:

- PREJUDICE THE COMPETENCE, FUNCTIONS AND POWERS OF THE SPECIALIZED FORA WITHIN THE UNITED NATIONS SYSTEM;

- BE PRECLUDED FROM TAKING UP ANY ISSUES RELATING TO THE RESTRUCTURING OF INTERNATIONAL ECONOMIC RELATIONS;

- BE PRECLUDED FROM ENTRUSTING AGENDA ITEMS IN ACCORDANCE WITH PARAGRAPH 4 ABOVE.

7. ALL PARTIES TO THE PACKAGE AGREEMENT WILL BE COMMITTED TO ITS IMPLEMENTATION. WHERE SUCH IMPLEMENTATION INVOLVES ACTION BY SPECIALIZED FORA WITHIN THE UNITED NATIONS SYSTEM, PARTIES TO THE AGREEMENT WILL ACT THROUGH THE INTER-GOVERNMENTAL BODIES OF THESE FORA, IN ACCORDANCE WITH THEIR COMPETENCE AND RULES OF PROCEDURES.

8. THE CONFERENCE WILL FUNCTION IN ACCORDANCE WITH THE PROCEDURES OF THE GENERAL ASSEMBLY. HOWEVER, IT WILL REACH AGREEMENT BY CONSENSUS ON ALL IMPORTANT MATTERS,

SUCH AS THOSE REFERRED TO IN PARAGRAPHS 2, 3, 4, 5, AND 6.

9. THE CONFERENCE SHOULD MEET THROUGHOUT AT UNITED NATIONS HEADQUARTERS IN NEW YORK.

10. THE CONFERENCE SHOULD START FUNCTIONING ON 1981 AND SHOULD MAKE EVERY EFFORT TO CONCLUDE BY 1981

11. THE CONFERENCE SHOULD HAVE THE HIGHEST PRIORITY IN RESPECT OF FACILITIES AND SERVICES, INCLUDING INTERPRETATION AND TRANSLATION IN ALL THE OFFICIAL AND WORKING LANGUAGES OF THE GENERAL ASSEMBLY AND ITS MAIN COMMITTEES TO BE PROVIDED BY THE UNITED NATIONS SECRETARIAT. THE NECESSARY FACILITIES AND RESOURCES SHOULD ALSO BE PROVIDED FOR ALL PREPARATORY ARRANGEMENTS, AT UNITED NATIONS HEADQUARTERS INCLUDING REGIONAL AND OTHER GROUP MEETINGS, FOR THE PURPOSE OF THE NEGOTIATIONS.

12. APPROPRIATE ARRANGEMENTS WOULD HAVE TO BE MADE TO ENSURE THE PROVISION AND CO-ORDINATION OF THE INPUTS OF THE SECRETARIATS OF THE UNITED NATIONS SYSTEM TO THE CONFERENCE.

13. UPON REQUEST, THE CONFERENCE MAY INVITE SPECIALIZED INTERREGIONAL, REGIONAL AND SUBREGIONAL INTERGOVERNMENTAL ORGANIZATIONS RELEVANT TO THE TASK OF THE CONFERENCE, TO ATTEND THE CONFERENCE.

Agenda

CHAPEAU

2. GLOBAL NEGOTIATIONS PROVIDE AN OPPORTUNITY FOR THE WORLD COMMUNITY TO ENGAGE IN COHERENT, INTEGRATED, SIMULTANEOUS AND SUSTAINED NEGOTIATIONS ON MAJOR WORLD ECONOMIC ISSUES OF CONCERN TO ALL COUNTRIES IN THE FIELD OF RAW MATERIALS, ENERGY, TRADE, DEVELOPMENT, MONEY AND FINANCE. THE NEGOTIATIONS SHOULD REFLECT THE MUTUAL BENEFIT, THE COMMON INTEREST, AND THE RESPONSIBILITIES OF THE PARTIES CONCERNED, TAKING INTO ACCOUNT THE GENERAL ECONOMIC CAPABILITY OF EACH COUNTRY AND SHOULD CONTRIBUTE TO:

- (A) THE SOLUTION OF INTERNATIONAL ECONOMIC PROBLEMS WITHIN THE FRAMEWORK OF THE RESTRUCTURING OF INTERNATIONAL ECONOMIC RELATIONS;
- (B) STEADY GLOBAL ECONOMIC DEVELOPMENT AND, IN PARTICULAR, THE DEVELOPMENT OF DEVELOPING COUNTRIES;
- (C) THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE.

2. EMPHASIZING THE IMPERATIVE NEED TO ESTABLISH A NEW SYSTEM OF INTERNATIONAL ECONOMIC RELATIONS, ALL COUNTRIES SHOULD COMMIT THEMSELVES TO ACHIEVING, THROUGH INTERNATIONAL NEGOTIATIONS AND OTHER CONCERTED ACTION, THE RESTRUCTURING OF INTERNATIONAL NEGOTIATIONS AND OTHER CONCERTED ACTION, THE RESTRUCTURING OF INTERNATIONAL NEGOTIATIONS AND OTHER CONCERTED ACTION, THE RESTRUCTURING OF INTERNATIONAL ECONOMIC RELATIONS ON THE BASIS OF THE PRINCIPLES OF JUSTICE, EQUALITY AND MUTUAL BENEFIT, WITH DUE REGARD TO THE DEVELOPMENT POTENTIAL OF DEVELOPING COUNTRIES.

3. ECONOMIC INTERDEPENDENCE IS A GROWING REALITY AMONG COUNTRIES AT DIFFERENT LEVELS OF DEVELOPMENT. THIS REALITY COMPELS INTERNATIONAL CO-OPERATION WHICH SHOULD BE SUPPORTED BY COHERENT NATIONAL ECONOMIC POLICIES ON THE PART OF ALL MEMBERS OF THE INTERNATIONAL COMMUNITY, SO THAT MAXIMUM DEVELOPMENT AND STEADY ECONOMIC GROWTH CAN BE ACHIEVED BY ALL WITHIN THE FRAMEWORK OF RESPECTIVE NATIONAL DEVELOPMENT STRATEGIES AND PRIORITIES.

4. THE GLOBAL NEGOTIATIONS SHOULD BE ACTION-ORIENTED AND AIM AT REACHING AGREEMENT BY THE INTERNATIONAL COMMUNITY ON CONCRETE AND MUTUALLY REINFORCING MEASURES DESIGNED TO ACHIEVE NEW, COMPREHENSIVE AND GLOBAL SOLUTIONS TO PROBLEMS IN EACH AND ALL OF THE FIELDS OUTLINED IN THE AGENDA. THESE SOLUTIONS SHOULD GO BEYOND LIMITED EFFORTS AND MEASURES INTENDED TO RESOLVE ONLY THE PRESENT ECONOMIC DIFFICULTIES.

5. IN RELATION TO ALL ITEMS ON THE AGENDA OF THE GLOBAL NEGOTIATIONS, SPECIAL EMPHASIS MUST BE PLACED ON THE NEEDS AND REQUIREMENTS OF DEVELOPING COUNTRIES AND ON THEIR DEVELOPMENT POTENTIAL. THE GLOBAL NEGOTIATIONS SHOULD SUBSTANTIALLY CONTRIBUTE TO THE RAPID DEVELOPMENT OF DEVELOPING COUNTRIES, THUS ENABLING THEM TO ACHIEVE GREATER SELF-RELIANCE AND ENHANCE THEIR CAPACITY TO PLAY

AN EFFECTIVE ROLE IN INTERNATIONAL ECONOMIC RELATIONS, INCLUDING THE PROCESS OF DECISION-MAKING.

6. IN THE FACE OF DIFFICULT ECONOMIC CONDITIONS, CONCERTED MEASURES ARE REQUIRED FROM THE INTERNATIONAL COMMUNITY TO SUSTAIN ADEQUATE LEVELS OF ECONOMIC GROWTH AND DEVELOPMENT IN THE DEVELOPING WORLD, PARTICULARLY IN THE LEAST DEVELOPED COUNTRIES AND OTHER DEVELOPING COUNTRIES, INCLUDING THOSE IN OTHER SPECIAL CATEGORIES, WHERE THE DEVELOPMENT NEEDS AND PROBLEMS ARE GREATEST.

7. THE WORDING OF THE AGENDA ITEMS DOES NOT PREJUDGE THE OUTCOME OF THE NEGOTIATIONS AND DOES NOT PRECLUDE THE DISCUSSION OF ANY SUBJECT RELEVANT TO THE AGENDA.

8. ACCORDINGLY THE FOLLOWING AGENDA, OF WHICH THE ABOVE PARAGRAPHS ARE AN INTEGRAL PART, IS AGREED FOR THE GLOBAL NEGOTIATIONS ON INTERNATIONAL ECONOMIC CO-OPERATION FOR DEVELOPMENT.

AGENDA ITEMS

1. QUESTIONS RELATED TO ACHIEVING A REAL INCREASE IN AND STABILIZATION OF THE EXPORT EARNINGS DERIVED FROM PRIMARY COMMODITIES AND RAW MATERIALS.

2. PARTICIPATION OF DEVELOPING COUNTRIES IN THE TRADE, TRANSPORTATION, MARKETING AND DISTRIBUTION OF THEIR COMMODITIES AND RAW MATERIALS; LOCAL PROCESSING AND STORAGE OF COMMODITIES AND RAW MATERIALS PRODUCED BY DEVELOPING COUNTRIES.

3. DEVELOPMENT OF NATURAL RESOURCES.

4. QUESTIONS RELATED TO TRADE, INCLUDING ACCESS TO MARKETS, PROTECTIONISM AND STRUCTURAL ADJUSTMENT, WHICH SHOULD LEAD, INTER ALIA, TO IMPROVEMENT IN TERMS OF TRADE.

5. (SHIPPING).

X 6. IN THE LIGHT OF THE SCARCITY OF PETROLEUM RESOURCES, AND THE NEED TO RAPIDLY DEVELOP CONVENTIONAL AS WELL AS ALTERNATIVE SOURCES OF ENERGY TO MEET THE GROWING REQUIREMENTS FOR FUTURE ECONOMIC GROWTH AND DEVELOPMENT, AND RELATED PROBLEMS OF COMMON INTEREST:

(A) URGENT MEASURES BY THE INTERNATIONAL COMMUNITY TO MEET ITS ENERGY REQUIREMENTS, INCLUDING PARTICULARLY OF ENERGY-DEFICIENT DEVELOPING COUNTRIES, ON A CONTINUING BASIS;

(B) EFFECTIVE MEASURES FOR CONSERVATION AND RATIONAL USE OF ENERGY;

(C) DEMAND AND SUPPLY OF ALL FORMS OF ENERGY AND RELATED PROBLEMS (INCLUDING CRITERIA FOR PRICING);

(D) MEASURES, BY THE INTERNATIONAL COMMUNITY, INCLUDING THE PROVISION OF FINANCIAL AND/OR TECHNICAL ASSISTANCE AND SUPPORT, AS APPROPRIATE, IN SUCH AREAS AS:

(I) EXPLORATION FOR AND DEVELOPMENT OF NEW AND RENEWABLE AS WELL AS CONVENTIONAL SOURCES OF ENERGY IN ORDER TO INCREASE ITS AVAILABILITY;

(II) TECHNICAL AND TECHNOLOGICAL ASPECTS OF CONVENTIONAL ENERGY PRODUCTION AND CONSERVATION;

(III) RELEVANT AREAS OF RESEARCH AND DEVELOPMENT;

(IV) PLANNING OF ENERGY PROGRAMMES AND PROJECTS IN INTERESTED COUNTRIES.

7. PARTICIPATION OF DEVELOPING COUNTRIES IN THE DOWNSTREAM ACTIVITIES IN THE FIELD OF ENERGY.

8. INTERNATIONAL CO-OPERATION FOR THE DEVELOPMENT AND DIVERSIFICATION OF FOOD AND AGRICULTURAL PRODUCTION AND IMPROVEMENT OF NUTRITION IN DEVELOPING COUNTRIES, THROUGH SUCH MEASURES AS:

(A) TRANSFER OF RESOURCES TO SUPPLEMENT MOBILIZATION OF DOMESTIC RESOURCES;

(B) RESEARCH AND DEVELOPMENT AND TRANSFER OF TECHNOLOGY AND ITS ADAPTATION TO THE NEEDS OF INDIVIDUAL COUNTRIES AND REGIONS;

(C) SUPPORT FOR THE IMPLEMENTATION OF NATIONAL AGRICULTURAL DEVELOPMENT STRATEGIES, INCLUDING THE IMPROVEMENT OF FOOD STORAGE AND DISTRIBUTION FACILITIES IN DEVELOPING COUNTRIES.

9. THE ESTABLISHMENT OF AN EFFECTIVE BASIS FOR WORLD FOOD SECURITY, INCLUDING FOOD AID, EMERGENCY FOOD RESERVE AND OTHER RELATED QUESTIONS.

10. URGENT, CONCERTED AND SUSTAINED INTERNATIONAL ACTION, TAKING INTO ACCOUNT UNCTAD RESOLUTION 122 (VI), TO ASSIST THE LEAST DEVELOPED COUNTRIES TO OVERCOME THEIR SERIOUS STRUCTURAL PROBLEMS (THROUGH, INTER ALIA, THE ALLOCATION OF ADEQUATE RESOURCES TO THIS END).

11. POSITIVE ADJUSTMENT POLICIES AND INCENTIVES WITH A VIEW TO ACCELERATING THE INDUSTRIALIZATION OF DEVELOPING COUNTRIES THROUGH THE RESTRUCTURING OF WORLD INDUSTRY/WORLD INDUSTRIAL CAPACITIES, TAKING INTO ACCOUNT REGIONAL STRATEGIES FOR INDUSTRIAL DEVELOPMENT AND INTEGRATION.

ALTERNATIVE FORMULATION:

MEASURES TO ACCELERATE THE INDUSTRIALIZATION OF DEVELOPING COUNTRIES, TAKING INTO ACCOUNT REGIONAL STRATEGIES FOR INDUSTRIAL DEVELOPMENT AND INTEGRATION, WHICH SHOULD LEAD TO CONTINUING RESTRUCTURING OF WORLD INDUSTRY.

12. MEASURES TO SUPPORT THE TRANSFER OF TECHNOLOGY TO DEVELOPING COUNTRIES, INCLUDING THE ADAPTATION AND APPLICATION OF SUCH TECHNOLOGY.

13. MEASURES TO SUPPORT THE DEVELOPMENT OF INFRASTRUCTURE IN DEVELOPING COUNTRIES, SUCH AS THE IMPLEMENTATION OF THE TRANSPORT AND COMMUNICATIONS DECADE IN AFRICA.

14. MEASURES TO ENHANCE AND IMPROVE THE TRANSFER OF RESOURCES FOR ECONOMIC DEVELOPMENT, IN KEEPING WITH DEVELOPMENT REQUIREMENTS, THROUGH:

(A) CONCESSIONAL FLOWS, INCLUDING OFFICIAL DEVELOPMENT ASSISTANCE TO DEVELOPING COUNTRIES, IN PARTICULAR TO THOSE DEVELOPING COUNTRIES WHERE THE DEVELOPMENT NEEDS AND PROBLEMS ARE GREATEST;

(B) NON-CONCESSIONAL FLOWS, INCLUDING ACCESS TO CAPITAL MARKETS, DIRECT INVESTMENT AND CO-FINANCING;

(C) RELATED ARRANGEMENTS AS MAY BE REQUIRED.)

15. FINANCING OF BALANCE-OF-PAYMENT DEFICITS.

X 16. BEST PROBLEMS OF DEVELOPING COUNTRIES.

X 17. APPROACHES TO ENSURE THE GROWTH AND STABILITY OF NEW TYPES OF FLOWS, INCLUDING AVAILABLE FUNDS IN FINANCIAL AND CAPITAL MARKETS, TO FACILITATE SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT (AND TO ENSURE THE SECURITY AND VALUE OF THESE FLOWS).

ALTERNATIVE FORMULATION:

NEW TYPES OF FINANCIAL FLOWS AND RELATED PROBLEMS.

18. EFFORTS TO ENHANCE THE RESPONSIVENESS OF THE INTERNATIONAL MONETARY SYSTEM TO THE ECONOMIC GROWTH AND DEVELOPMENT NEEDS OF THE INTERNATIONAL COMMUNITY THROUGH CONTINUING IMPROVEMENT AND CHANGES IN THE SYSTEM:

(A) INTERNATIONAL LIQUIDITY IN ALL ITS ASPECTS (INCLUDING SDR ALLOCATIONS AND THEIR RELATION TO DEVELOPMENT FINANCE);

(B) SURVEILLANCE OF EXCHANGE RATES AND OF BALANCE-OF-PAYMENT POLICIES;

(C) PARTICIPATION OF THE DEVELOPING COUNTRIES IN THE DECISION-MAKING PROCESS;

(D) ADJUSTMENT PROCESS IN ALL ITS ASPECTS:

(I) MODALITIES OF THE EXISTING ADJUSTMENT PROCESS AND THEIR ADEQUACY;

(II) CONTRIBUTIONS BY INTERNATIONAL FINANCIAL AND MONETARY INSTITUTIONS TO THE ADJUSTMENT PROCESS;

(III) FACILITIES IN THE CONTEXT OF THE ADJUSTMENT PROCESS;

(E) TERMS AND CONDITIONS FOR THE USE OF INTERNATIONAL MONETARY FUND RESOURCES;)

(F) PROBLEMS OF PROTECTION OF REAL FINANCIAL ASSETS OF CAPITAL SURPLUS DEVELOPING COUNTRIES.)

19. IMPACT OF INFLATION ON ECONOMIC GROWTH AND DEVELOPMENT.

20. (INTERNATIONAL ASSISTANCE FOR NATIONAL DEMOGRAPHIC POLICIES AND PROGRAMMES IN COUNTRIES INTERESTED IN SUCH

RONALD W. REAGAN LIBRARY

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 2 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.



THE REPRESENTATIVE
OF THE
UNITED STATES OF AMERICA
TO THE
UNITED NATIONS

October 1, 1981

MEMORANDUM FOR CABINET COUNCIL ON ECONOMIC RELATIONS

FROM: JEANE J. KIRKPATRICK

SUBJECT: CANCUN AND GLOBAL NEGOTIATIONS

1. Whether or not the United States will agree to participate in global negotiations in the United Nations has unfortunately become the central issue surrounding the Cancun Summit Meeting. It will prove impossible for us to sidestep or finesse this issue. All OECD countries and indeed all developed countries urge the United States to participate in global negotiations as a political gesture to poorer countries. The less developed countries attending Cancun feel themselves under great pressure from non-Cancun participants to "deliver" on an agreement to launch global negotiations. This has thus become the touchstone of the meetings "success" and the United States attitude toward the less developed nations.
2. We should expect no progress in concrete economic patterns to emerge from a global negotiation process in the United Nations. Such progress can only take place in smaller specialist groups.
3. The Europeans and other developed nations, e.g. Australia, Canada, Japan are convinced that unreasonable economic proposals can be deflected or watered down as many such proposals made at UN conferences have in the past.
4. The global negotiation framework presents developing countries an opportunity they badly want to argue their case. We have many indications that the LDCs (i.e., India, Brazil) will be flexible on matters of both a global negotiation agenda and procedures at Cancun. They do not expect much from us. This gives us an opportunity to be positive on the principle global negotiations but very demanding about procedures, locations, and agendas.

5. UN experience teaches:

- a) that the other developed countries are quite willing to bear the brunt of the defense of the developed countries economic and political interests. We should not let them do this.
- B) that there are many deep divisions of interest and points of view among the LDCs which will emerge in the course of actual negotiations
- c) that New York is a singularly poor place for prudent, non-political consideration of international issues. Paris, with its OECD structure, would surely prove more amenable to concerted action of the developed countries.

RECEIVED 07 OCT 81 09

TO ALLEN

FROM BREMER

DOC DATE 06 OCT 81

KEYWORDS: CANCUN SUMMIT

ECONOMICS

INTL. TRADE

ENERGY

Give back to me when you have comments

SUBJECT: CANCUN BRIEFING PAPERS ON MULTILATERAL ECONOMIC ISSUES

ACTION: PREPARE MEMO FOR ALLEN

DUE: 08 OCT 81 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

NAU

BAILEY

TYSON

WEISS

POATS

COMMENTS

REF# 8129034

LOG

NSCIFID

(C /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO

DISPATCH _____ W/ATTCH FILE _____ (C)



DEPARTMENT OF STATE

Washington, D.C. 20520

~~CONFIDENTIAL~~ ^{me} 5/10/96

October 6, 1981

MEMORANDUM FOR MR. RICHARD V. ALLEN
THE WHITE HOUSE

Subject: Cancun Economic Summit Briefing Papers

Attached for your review are briefing papers on the multilateral economic issues to be discussed at the October 21-23 Cancun Summit. These papers have been prepared by an interagency drafting group chaired by Ambassador Charles Meissner and have been fully cleared among the agencies concerned. Ambassador Meissner has updated the papers to reflect current U.S. goals and strategy for Cancun, but several papers may have to be revised when we have reached decisions on Cancun initiatives and global negotiations. Papers on IFAD and the Law of the Sea are now under revision and will be forwarded as soon as possible.

We would appreciate having your comments on the attached papers within the next few days so that we can press on with other elements of the President's Cancun briefing book.

L. Paul Bremer, III
Executive SecretaryAttachments:

Briefing Papers

~~CONFIDENTIAL~~ ^{me} 5/10/96
GDS 10/6/87

TABLE OF CONTENTS

I. FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

Checklist
US Statement
President's Briefing Memorandum

Point Papers:

Developing Country Food Production
Agricultural Development Assistance
Food Aid
IFAD (to be provided)
International Grain Reserves

II. COMMODITIES, TRADE AND INDUSTRIALIZATION

Checklist
US Statement
President's Briefing Memorandum

Point Papers

International Commodity Agreements
Common Fund
Protectionism
1982 GATT Ministerial
Developing Countries in GATT
Generalized System of Preferences
MTN Tariffs on Developing Countries
MTN Codes
Multifiber Arrangement
Export Credit to Developing Countries
Adjustment and Redployment of Industry

III. ENERGY

Checklist
US Statement
President's Briefing Memorandum

Point Papers:

Energy Development in Developing Countries
UN Conf. on New and Renewable Sources of Energy
World Bank Energy Lending
Lopez Portillo World Energy Plan
Producer-Consumer Cooperation

DECLASSIFIED

NLS F94-090 #40

IV. MONETARY AND FINANCE

Checklist
US Statement
President's Briefing Memorandum

Point Papers:

IMF Financing and Conditionality
IMF Quotas and Voting Shares
Developing Country Debt Burden
US Bilateral Economic Assistance Program
US Contributions to the MDBs
SDR Allocations and the SDR-AID Link

V. ADDITIONAL POINT PAPERS

Global Negotiations (to be provided)
Implication of the US Economic Recovery
Program for Developing Countries
Importance of National Policies
Role of the Private Sector
Brandt Commission Report
Differentiation v. Universality
Economic Cooperation Among Developing Countries
UN Conf. on Least Developed Countries
Regionalization
Law of the Sea (to be provided)
Population
Human Resource Development
Natural Resource Development
Development-Oriented Science and Technology
Election of UN Secretary-General
Nuclear Cooperation



FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

Food Security and Agricultural Development

MAIN OBJECTIVES

1. Reassure others that the US shares their concern about the problem of hunger and malnutrition.
2. Stress that no amount of external aid to developing nations can supplant the importance of appropriate agricultural policies, especially relating to prices as that provides farmers with incentives.
3. Reassure others that although foreign assistance is not excluded from our efforts to reduce federal expenditures, that food and agricultural problems will remain high on our list of priorities.
4. Urge that other nations share more in the burden of providing food and agricultural development assistance by committing themselves to more fully to multilateral efforts.
5. Encourage the development of grain reserves by other exporters and developed country importers, but state that we remain open to alternative approaches which address the problems of adequate grain reserves.

BEAR IN MIND

1. Others may think that the US will significantly cut its financial commitment to food aid and development assistance.
2. Others may characterize our emphasis on developing nations helping themselves as an attempt to palliate a decreased financial commitment to food aid and assistance programs.
3. The International Wheat Council, an organization of wheat exporting and importing nations, should remain the international forum for discussions relating to grain reserves.

CHECKLIST

1. Stress our support of self-help efforts by developing nations.
2. State that our agricultural development assistance program will continue to focus on helping the small farmer.
3. State that the US will support developing nations' policies which will improve the performance of the private sector.
4. State that although foreign assistance is not excluded from our efforts to reduce federal expenditures, that food and agriculture will remain high on our list of development priorities.
5. Encourage other nation to assume more of the obligation of providing food aid by pledging to the FAC, the IEF, and the WFP.
6. Encourage the development of grain reserves by other exporters and developed importers.

DECLASSIFIED

NLS E94-090 #41

BY spj NARA, DATE 1/2/97

U.S. STATEMENT
FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

THE PRESENCE OF HUNGER IN THE WORLD IS A MAJOR CONCERN TO THE U.S. AND, I AM SURE, TO THE PEOPLE OF ALL NATIONS THAT ARE REPRESENTED HERE TODAY. OUR MEETING AT CANCUN PROVIDES US WITH AN OPPORTUNITY TO DISCUSS ASSURING REGULAR AND ADEQUATE FOOD SUPPLIES FOR THE WORLD'S POPULATION AND TO OFFER WAYS IN WHICH THE INTERNATIONAL COMMUNITY MIGHT COOPERATE MORE EFFECTIVELY IN RESPONDING TO THE NEEDS OF THE HUNGRY AND MALNOURISHED.

THE U.S. SHALL CONTINUE ITS LEADERSHIP ROLE IN THE QUEST FOR FOOD SECURITY. FIRST, THE U.S. WILL CONTINUE TO BE THE LARGEST DONOR OF FOOD AID AND THE LARGEST DONOR OF BILATERAL AGRICULTURAL DEVELOPMENT ASSISTANCE. SECOND, THE UNITED STATES SHALL CONTINUE TO ACQUIRE AND RELEASE ITS GRAIN RESERVES IN AN OPEN MARKET SYSTEM IN RESPONSE TO CHANGES IN INTERNATIONAL SUPPLY AND DEMAND. IN FACT, THE U.S. IS THE ONLY COUNTRY WHO KEEPS MAJOR GRAIN RESERVES.

THE U.S. SEES FOUR MAJOR AREAS THAT MUST BE DISCUSSED IF WE ARE TO INCREASE WORLD FOOD SECURITY. FIRST, THE MOST IMPORTANT REQUIREMENT FOR WORLD FOOD SECURITY IS AN INCREASE IN FOOD PRODUCTION IN THE DEVELOPING COUNTRIES THEMSELVES. NO AMOUNT OF EXTERNAL ASSISTANCE CAN SUPPLANT THE IMPORTANCE OF APPROPRIATE AGRICULTURAL POLICIES - ESPECIALLY PRICING - WITHIN A DEVELOPING COUNTRY. IN ALL COUNTRIES, FARMERS MUST RECEIVE SOME ASSURANCE OF AN ADEQUATE RETURN BEFORE UNDERTAKING THE INVESTMENT NEEDED FOR INCREASED PRODUCTION.

SECOND, FOOD AND AGRICULTURE MUST REMAIN HIGH ON OUR LIST OF DEVELOPMENT PRIORITIES FOR FOREIGN ASSISTANCE BOTH BILATERAL AND MULTILATERAL. WE BELIEVE IN HELPING COUNTRIES TO HELP THEMSELVES. BUT WE ALSO RECOGNIZE THAT SOME COUNTRIES, DESPITE THEIR OWN EFFORTS, WILL STILL REQUIRE TECHNICAL ASSISTANCE AND CONCESSIONAL AID FOR SOME TIME TO COME. OUR AGRICULTURAL DEVELOPMENT ASSISTANCE PROGRAM WILL CONTINUE TO FOCUS ON HELPING THE SMALL FARMER. THE PRIVATE FARMER IS THE KEY TO IMPROVED AGRICULTURAL PRODUCTION. FIFTY PERCENT OF THE U.S. BILATERAL AND PROGRAM WILL BE USED IN THE SUPPORT OF AGRICULTURE. THE U.S. WILL ACCORD SPECIAL ATTENTION TO SUPPORTING DEVELOPING POLICIES AND PROGRAMS WHICH WILL IMPROVE THAT PERFORMANCE AND WHICH WILL HELP MOBILIZE PRIVATE SECTOR RESOURCES FOR DEVELOPMENT PURPOSES.

INTERNATIONAL COOPERATION SHOULD ALSO EXTEND TO THE AREA OF FOOD AID. ADDITIONAL MEMBERS OF THE INTERNATIONAL COMMUNITY MUST ASSUME MORE OF THE OBLIGATION ENTAILED IN PROVIDING FOOD AID. IN PARTICULAR, WE CALL ON COUNTRIES WHO HAVE NOT DONE SO, ESPECIALLY OPEC, THE UPPER INCOME DEVELOPING COUNTRIES, AND THOSE INDUSTRIALIZED COUNTRIES WITH CENTRALLY PLANNED ECONOMIES, TO MAKE PLEDGES IN CASH OR COMMODITIES UNDER THE FOOD AID CONVENTION, THE WORLD FOOD PROGRAM, AND THE INTERNATIONAL EMERGENCY FOOD RESERVE.

THIRD, WE MUST CONTINUE TO SEARCH FOR AN INTERNATIONAL GRAINS AGREEMENT. WE KNOW THE KEY PROBLEMS OF WHO SHOULD BEAR PURCHASE AND STORAGE COSTS, OF WHAT PRICES STOCKS ARE BOUGHT AND SOLD AND FOREIGN EXCHANGE PROBLEMS OF DEVELOPING COUNTRIES.

WE MUST WORK TOWARD A SOLUTION THAT PROTECTS CONSUMER AND PRODUCER INTERESTS, RESTS ON MARKET PRINCIPLES AND PROVIDES MORE FOOD SECURITY.

FOURTH, INTERNATIONAL COOPERATION IN THE CASE OF FOOD EMERGENCIES RESULTING FROM NATURAL DISASTERS MUST BE IMPROVED.

~~CONFIDENTIAL~~

Food Security and Agricultural Development

During discussions of food security, the assurance of regular and adequate food supplies for the world's population, and agricultural development, we will want

-- to stress that the most important element of food security is increasing developing countries' food production. To that end, developing countries should:

- adopt appropriate agricultural policies, especially relating to price incentives;

- encourage involvement of both the local and foreign private sectors in food storage and marketing/distribution programs in developing countries;

-- to emphasize the US record as the largest donor of food aid and the largest bilateral donor of agricultural development assistance;

-- to state that although foreign assistance is not excluded from our efforts to reduce federal expenditures, the world's food and agricultural problems must remain high on our list of development priorities;

-- to urge other nations to share more equitably in the burden of providing food and, agricultural development assistance by calling for additional pledges to the Food Aid Convention (FAC), the International Emergency Food Reserve (IEFR), and the World Food Program (WFP);

-- to encourage the development of grain reserves by other exporters and developed importers.

-- to urge the strengthening of international disaster relief cooperation.

CONTEXT

Food security and hunger are critical development problems. Close to a half billion people, mostly in developing countries are undernourished. Almost all of the two billion population growth expected by year 2000 will be in developing countries. For these reasons, the developing countries represented at Cancun will likely seek higher external assistance to meet emergency food needs and to accelerate domestic food production.

At Cancun, we should emphasize the continuing strong leadership role of the US in addressing the elements of world food security: agricultural development assistance to increase developing countries' food production; food aid; and grain reserve policies. We should also stress that food and agricultural

~~CONFIDENTIAL~~

DECLASSIFIED

NLS E94-090 #42

BY smf, NARA, DATE 1/12/99

~~CONFIDENTIAL~~

-2-

policies and programs of the developing countries themselves are more important than external aid.

The most important element of food security is increased developing country food production. A principal constraint to improved output in most developing countries is pricing policies that subsidize the urban consumer at the expense of the farmer.

Secondly, most developing countries are handicapped by undeveloped storage, processing, distribution, and marketing capacity. The developing countries should encourage involvement of both the local and foreign private sectors in the development of their infrastructures and the development and application of agricultural technology.

Most Summit participants will at least privately support the US position that developing countries should increase food production as essential to ensuring world food security. Publicly, however, some developing countries may chastise the US for seeming insensitivity towards the hungry and call for further aid. The US should (1) recount its record as the largest donor of food and the largest bilateral donor of agricultural development assistance; (2) state that although foreign assistance is not excluded from our efforts to reduce federal expenditures, food and agricultural problems must remain high on our list of development priorities; (3) recognize that many of the poorer countries, despite efforts to integrate them into the world economy, may have to rely heavily on concessional assistance for some time to come; and (4) reiterate that the US will continue its high commitment to such aid.

Food Aid and Agricultural Development Assistance represent the second element of world food security. The US can take pride in its record as the largest donor of food and the largest bilateral donor of agricultural development assistance. The bulk of US multilateral aid is disbursed through the multilateral development banks (MDBs). In FY 1980, MDB lending for agriculture totalled \$4.6 billion, or 28% of total MDB lending. The US also makes substantial contributions to more specialized organizations, such as the Food and Agriculture Organization of the UN and the World Food Program (WFP). We have also pledged annually 4.47 million tons of food aid of a targetted 10 million tons to the Food Aid Convention and 125,000 of a targetted 500,000 tons to the International Emergency Food Reserve. Neither of these targets has been met by the international community. Bilateral aid: Roughly half of our bilateral assistance is devoted to agricultural development programs in developing countries. Our PL 480 program will provide in excess of \$1.7 billion in food aid to needy people in about 80 countries this fiscal year.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-3-

There is no one issue within this area that any Summit participant is likely to raise as a criticism of the US. If, however, any participant should raise the general issue that the US has not

been generous enough in its commitment to alleviate hunger, the US may (1) reiterate the US record; (2) state that although foreign aid is not excluded from our efforts to reduce federal expenditures, that food and agricultural problems must remain high on our list of development priorities; and (3) call for additional pledges to the FAC, the WFP, and the IEFR.

Grain Reserve Policies represent the third element of world food security. We are the only nation which acquires and releases its grain reserves in an open market system in response to changes in international supply and demand. Not only does our open market system provide full access to the foreign buyer of grain, but our market system also provides buyers for substantial and increasing quantities of developing countries' products.

At the most recent International Wheat Council meeting, the US 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. Other exporters and major importers should establish such reserves without awaiting a new International Wheat Agreement proposal. (EC governments argue that such reserves should only be established in the context of an international system. The developing countries will seek an agreement which also stabilizes prices and finances stocks in developing countries.)

KEY POINTS TO MADE

-- The United States takes pride in its leadership role in the quest for food security, the assurance of adequate food supplies for the world's population.

-- We have been the largest donor of food aid and the largest bilateral donor of agricultural development assistance.

-- Although foreign aid is not excluded from our efforts to reduce federal expenditures, food and agricultural problems must remain high on our list of development priorities.

-- We are the only nation which acquires and releases its grain reserves in an open market system in response to changes in international supply and demand. Our market system also provides buyers for substantial and increasing quantities of developing countries' products.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-4-

-- The most important element of food security is an increase in developing countries' food production. No amount of external aid can supplant the importance of appropriate agricultural policies--especially related to pricing.

-- Other nations should also share in the obligation of providing food aid to the world's hungry. We call on others to pledge additional food aid to the FAC, the WFP and the IEFR.

UNCLASSIFIED

Developing Country Food Production

Argument: Long run food security can only be achieved if and when the food deficit developing countries produce enough food for their own needs, or earn enough foreign exchange to import the food they need.

Response:

1. Sound macroeconomic and agricultural policies that reflect the importance of the agricultural sector are essential to increasing food production in any countries
2. Even allowing for differences among developing countries, the development of agricultural technology and its delivery to farmers is likely to require a substantially greater committment of resources than in the past.
3. Institutions at the national, regional, and local levels must receive increased support to enable them to serve low income producers and consumers.
4. Successful implementation of a broadly participatory agricultural development strategy not only will augment food output, but also will contribute to achieving the multiple objectives of a more equitable distribution of income, increased employment opportunities, a more balanced pattern of rural and urban development, and conditions more conducive to reduced population growth.

Facts: A labor-intensive food production strategy which assures that the broad majority of farmers, including small farmers, have access to agricultural resources, services and infrastructure (such as credit facilities and rural roads) can translate into increased food production and consumption, and increased employment. The success of this strategy, however, depends on the existence of an overall policy framework that makes food production profitable and does not discriminate against the agricultural sector. In contrast, a more capital-intensive food production strategy may exacerbate the rural un-
employment problem if machines displace labor, and most troubling, such a strategy is not likely to alleviate hunger and malnutrition because those who are hungry will lack the jobs (hence incomes) to purchase the food they need.

While the policy initiatives needed to implement an equitable growth strategy must be generated by the developing countries themselves, the U.S. will maintain its commitment to accelerating the process through the provision of technical, financial, and food assistance.

UNCLASSIFIED

UNCLASSIFIED

Agricultural Development Assistance

Argument: The United States provides substantial agricultural development assistance which can significantly accelerate increased food production in the developing countries.

Responses:

1. The main objective of US agricultural development assistance is to strengthen the capability of developing countries to alleviate hunger and malnutrition.
2. Accordingly, our assistance focuses on increasing food production, primarily through small-farm, labor-intensive agriculture; and on increasing the incomes of poor people so they can purchase the food they need.
3. We will continue our commitment to alleviate hunger and malnutrition by allocating over one-half of our FY 82 Development Assistance (about \$830 million) to help accelerate agricultural development in the developing countries.
4. We will combine the considerable expertise of US universities and the private sector with capital and food assistance to support broadly participatory agricultural development.

Facts: To increase food supplies sufficiently to begin to make an impact on malnutrition, there must be a substantial increase in investment in the agricultural sector in most developing countries, along with complementary policy, institutional and other reforms. While the bulk of these efforts must be made by the developing countries themselves, external technical, financial and food assistance can significantly accelerate the process.

US-supported technical assistance plays an important role in conducting agricultural research; developing institutional and human resources; assisting in the adaptation and application of agricultural and institutional technology; and rendering advisory services to governments and the private sector in the developing countries.

In many developing countries assisted by the US, increased small farmer production often depends on the performance of the private sector. Therefore, the US will support developing country policies and programs which improve that performance and which mobilize private sector resources for development purposes.

PL 480 food aid and the local currency generated from the sale of food aid will increasingly be used to complement technical and financial assistance to achieve both short-run nutrition objectives and longer run production objectives.

UNCLASSIFIED

~~CONFIDENTIAL~~BY AMF, NARA, DATE 1/12/99Food Aid

Criticism: Developing countries should receive more food aid, preferably on a multilateral basis; food aid should not be used as a weapon.

Response:

1. The United States is the world leader in efforts to nourish the world's poor through food transfers. In FY 81, the value of our food aid programs exceeded \$1.7 billion, about half in grant aid and half in highly concessional food financing.
2. While our bilateral food aid program is well established and has proven useful to recipient countries, we also recognize the value of multilateral food aid. Thus, we have pledged \$220 million in food aid to the World Food Program for the 1981-82 biennium, plus a 125,000 ton annual pledge to the International Emergency Food Reserve.
3. We believe that as more food aid is needed it should come from new donors (e.g., those OPEC members not currently contributing, and the centrally planned economies) as well as those developed and wealthier developing donors in a position to increase their donations (e.g., Japan and Brazil).
4. (To be used only if issue of food aid as a weapon is raised). The United States, as a sovereign state, has the right to determine the use of our resources, including which countries will be the recipients of our food aid. We also bear willingly the responsibility, self-imposed and scrutinized closely on the international level, to decide such questions only after a careful weighing of all factors. Humanitarian concerns in the face of hunger, poverty, and emergencies play a basic, pivotal role in our decision-making. We think our record is good, and we stand on it.

Facts: Food aid represents one of the basic resource transfers in the North-South equation. The US has an excellent record of consistent generosity. Our food aid permits food deficit to developing countries to use their scarce foreign exchange for other priority needs. Over the past six years, we have increased our food aid outlays by \$500 million, from \$1.2 billion in 1975 to \$1.7 billion in 1981. Developing countries appreciate our efforts, though their demands continue, as the overall need increases. We have advocated a greater sharing of the burden of feeding the needy, both by new donors and by current donors in a position to do more. We pledge a minimum quantity of 4.47 million tons annually to the 10 million ton target of the international Food Aid Convention. This amount includes our pledge of \$220 million to the \$1 billion target of multilateral World Food Program for the 1981-82 biennium. Additionally, we pledge 125,000 tons annually to the 500,000 ton target of food aid under the International Emergency Food Reserve.

~~CONFIDENTIAL~~ 5/11/76
mc

International Grain Reserves

Criticism: The US should cooperate with efforts to establish a system of nationally-held, internationally-coordinated grain reserves to enhance world food security.

Response:

1. The US is proud of its record on world food security issues. We alone have a conscious reserve policy which can meet both domestic and international needs. Our food aid and agricultural assistance programs have helped alleviate hunger and malnutrition in many countries of the world.
2. We believe that national grain reserves which are responsive to market factors are preferable to the system of nationally-held, internationally-coordinated reserves currently under discussion in the International Wheat Council. We are hopeful that alternative proposals for food security grain reserves will take into account the merits of market-responsive national reserves.
3. We support the International Wheat Council, an organization of wheat exporters and importers, as the appropriate forum for the discussion of alternative proposals for food security reserves.
4. We urge other nations to join the US in holding grain reserves without waiting for an international agreement.

FACTS: Since the World Food Conference in 1974 the international community has repeatedly called for a new Wheat Trade Convention (WTC) to enhance world food security by setting up an international grain reserve system. The US participated in the 1978/79 UNCTAD negotiations on a new WTC, which broke down over the issues of price bands and stock size.

Following the UNCTAD effort, the International Wheat Council developed a less-rigid approach to a new Wheat Trade Convention which has the approval of most of the other members, including the EC and Japan. Recently the US told European leaders and the other members of the International Wheat Council that we will not proceed with negotiations on a new Wheat Trade Convention based on the Council's current proposal, explaining that it does not take sufficient account of market responsive national reserves.

~~CONFIDENTIAL~~ 5/10/86
mc

(GDS: 10/2/81)

